

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however to certain qualifications described herein, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no other opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. See “TAX MATTERS” herein.



\$12,000,000
FOWLER UNIFIED SCHOOL DISTRICT
 (Fresno County, California)
 General Obligation Bonds, Election of 2016, Series B

\$4,330,000
FOWLER UNIFIED SCHOOL DISTRICT
 (Fresno County, California)
 2020 General Obligation Refunding Bonds

Dated: Date of Delivery

Due: August 1, as shown herein

Issuance and Authority. The \$12,000,000 Fowler Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series B (the “Series B Bonds”) are being issued by the Fowler Unified School District (the “District”), located in Fresno County (the “County”), California. The Series B Bonds were authorized at a bond election conducted on November 8, 2016, at which more than 55% of the voters of the District voting on the measure voted to approve the issuance by the District of \$42,000,000 aggregate principal amount of bonds. The Series B Bonds are being issued pursuant to a resolution of the District adopted on March 11, 2020 (the “Series B Resolution”) and certain provisions of the Government and Education Codes of the State of California (the “State”).

The \$4,330,000 Fowler Unified School District (Fresno County, California) 2020 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series B Bonds, the “Bonds”) are being issued by the District pursuant to a resolution of the District adopted on March 11, 2020 (the “Refunding Resolution”) and pursuant to Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

Purpose. The Series B Bonds are being issued to (i) finance the construction, acquisition, furnishing and equipping of District facilities, (ii) to fund capitalized interest on the Series B Bonds, and (iii) to pay certain costs of issuance of the Series B Bonds. See “THE BONDS –The Series B Project” herein. The Refunding Bonds are being issued (i) to currently refund the Refunded Bonds (defined herein) and (ii) to pay certain costs of issuance of the Refunding Bonds. See “THE BONDS –The Plan of Refinancing” herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* taxes to be levied within the boundaries of the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and obligated to levy and collect *ad valorem* taxes upon all property within the boundaries of the District 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 District’s payment of principal of and interest on the Bonds, all as more fully described herein. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

Book-Entry Only. The Bonds will be issued in book-entry only form and will be initially issued and 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 Bonds. Individual purchases of Bonds will be made in book-entry only form. Purchasers will not receive physical delivery of the Bonds purchased by them.

Payments. The Bonds are dated the date of delivery and are being issued as current interest serial bonds and current interest term bonds as set forth on the inside front cover hereof. The Bonds accrue interest from the dated date at the rates set forth on the inside front cover hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2020. Payments of principal of and interest on the Bonds will be paid by Wells Fargo Bank, National Association, Los Angeles, California, as paying agent (the “Paying Agent”) to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

MATURITY SCHEDULES
 (See Inside Cover Pages)

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS –Redemption” herein.

Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



This cover page contains information for general reference only. It is not a summary of all the provisions of the Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, and subject to certain other conditions. Lozano Smith, LLP, Sacramento, California, is acting as Disclosure Counsel to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Underwriter’s Counsel. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about May 5, 2020.



MATURITY SCHEDULE

\$12,000,000
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES B
Base CUSIP[†]: 351136

\$450,000 Current Interest Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP[†]
2021	\$300,000	4.000%	1.820%	102.656	GJ9
2023	150,000	4.000	1.890	106.596	GK6

\$11,550,000 Current Interest Term Bonds

\$1,975,000 4.000% Term Bond maturing August 1, 2040, priced at 108.756% to yield 3.000%^c. CUSIP[†]: GL4

\$2,645,000 3.375% Term Bond maturing August 1, 2045, priced at 97.912% to yield 3.500%. CUSIP[†]: GM2

\$6,930,000 5.000% Term Bond maturing August 1, 2050, priced at 116.173% to yield 3.140%^c. CUSIP[†]: GN0

^c Yield to par call date of August 1, 2030.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Copyright 2020 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

MATURITY SCHEDULE

\$4,330,000

FOWLER UNIFIED SCHOOL DISTRICT

(Fresno County, California)

2020 GENERAL OBLIGATION REFUNDING BONDS

Base CUSIP[†]: 351136

\$70,000 Current Interest Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP [†]
2020	\$70,000	3.000%	1.870%	100.265	GP5

\$4,260,000 Current Interest Term Bonds

\$4,260,000 3.250% Term Bond maturing August 1, 2039, priced at 98.447% to yield 3.360%. CUSIP[†]: GQ3

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Copyright 2020 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any note or bond owner and the District or the Underwriter.

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

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

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

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

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

Involvement of Insurer. Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Bond Insurance" and "APPENDIX H - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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

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

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

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

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

**FOWLER UNIFIED SCHOOL DISTRICT
FRESNO COUNTY
STATE OF CALIFORNIA**

DISTRICT BOARD OF EDUCATION

Fred Valle, *President*
Darlene Martin, *Clerk*
Henry Murrieta, *Member*
Art Rojas, *Member*
Mark Stockwell, *Member*

DISTRICT ADMINISTRATION

Dr. Paul Marietti, *Superintendent*
May Yang, *Assistant Superintendent of Business Services*

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND COUNSEL and DISCLOSURE COUNSEL

Lozano Smith, LLP
Sacramento, California

UNDERWRITER'S COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
San Francisco, California

PAYING AGENT AND ESCROW AGENT

Wells Fargo Bank, National Association
Denver, Colorado

VERIFICATION AGENT

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

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\$12,000,000
FOWLER UNIFIED SCHOOL DISTRICT
(FRESNO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS,
ELECTION OF 2016, SERIES B

\$4,330,000
FOWLER UNIFIED SCHOOL DISTRICT
(FRESNO COUNTY, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

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

The purpose of this Official Statement, which includes the cover page, the inside cover page, and all appendices hereto (the "Official Statement"), is to provide certain information concerning the issuance, sale and delivery of the Fowler Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series B (the "Series B Bonds") and the Fowler Unified School District (Fresno County, California) 2020 General Obligation Refunding Bonds (the "Refunding Bonds" and, together with the Series B Bonds, the "Bonds").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate to be executed by the District. See "CONTINUING DISCLOSURE" herein.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes, and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes, and constitutional provisions.

The information set forth herein has been obtained from official sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions 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 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Copies of documents referred to herein and information concerning the Bonds are available from the District by contacting: Fowler Unified School District, 658 East Adams Avenue, Fowler, California 93625; attention: Superintendent. The District may impose a charge for copying, mailing, and handling.

The District

The Fowler Unified School District (the "District"), originally established in 1908, comprises an area of approximately 40 square miles. The District is located in the southern portion of Fresno County, and serves the community of Fowler, which is located south of Fresno, west of Sanger and north of Selma. The District is comprised of students from the communities of Fowler and Malaga and includes the following schools: Marshall School (K-2), Malaga School (K-5), Fremont School (3-5), Sutter Middle School (6-8), Fowler High School (9-12), and Fowler Academy Alternative Education School (7-12). The District's current enrollment is approximately 2,589 students.

The District is governed by a five-member Board of Education (the “District Board”), each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District’s other key personnel. Dr. Paul Marietti is the District Superintendent.

For additional information about the District, see APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET” and APPENDIX C – “ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.”

THE BONDS

Authority for Issuance

The Series B Bonds are issued under the provisions of Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law, including Article XIII A of the California Constitution and applicable provisions of the California Education Code (the “Bond Law”).

At an election held on November 8, 2016, the District received authorization under Measure J to issue bonds of the District in an aggregate principal amount not to exceed \$42,000,000 to “repair aging classrooms and facilities, deteriorating roofs, plumbing, and electrical systems, upgrade classrooms, science labs, career training facilities, and computer systems, and acquire, renovate, construct and equip facilities to support student achievement in reading, math, science, technology, the arts, and skilled trades” (the “2016 Authorization”). Measure J required approval by at least 55% of the votes cast by eligible voters within the District and received an approval vote of over 78%. The Series B Bonds represent the second series of bonds to be issued under the 2016 Authorization.

The issuance and sale of the Series B Bonds were authorized by the Board of Education of the District (the “Board”) by the resolution adopted by the Board on March 11, 2020 (the “Series B Resolution”).

The Refunding Bonds are issued under the provisions of Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 3 of Title 5 of the California Government Code (the “Refunding Bond Law”).

The issuance and sale of the Refunding Bonds were authorized by the Board by the resolution adopted by the Board on March 11, 2020 (the “Refunding Resolution” and, together with the Series B Resolution, the “Resolutions”).

Capitalized undefined terms used in this Official Statement have the meanings ascribed thereto in the Resolutions.

Purpose of Issue

The Series B Bonds are being issued (i) to finance the construction, acquisition, furnishing and equipping of District facilities; (ii) to fund the interest and sinking fund to pay capitalized interest on the Series B Bonds, and (iii) to pay the costs of issuance of the Series B Bonds.

The Refunding Bonds are being issued to currently refund the District’s callable outstanding General Obligation Bonds, Election of 2004, Series 2010C (the “2010C Bonds” or the “Refunded Bonds”), and to pay costs of issuance of the Refunding Bonds. See “–The Plan of Refinancing” herein.

Form and Registration

The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 principal amount or integral multiples thereof. The 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 of the Bonds. Purchases of Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Bonds will be recorded as entries on the books of said participants. Except in the event that the use of this book-entry system is discontinued for the Bonds, beneficial owners (“Beneficial Owners”) will not receive physical certificates representing their ownership interests. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

Payment of Principal and Interest

The Bonds will be issued as current interest serial and/or term bonds as set forth on the inside front cover page hereof.

Interest. The Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover pages of this Official Statement, payable on February 1 and August 1 of each year, commencing on August 1, 2020 (each, an “Interest Payment Date”), computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the “Record Date”) and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

Payment of Bonds. Principal of the Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of the Paying Agent at the maturity thereof or upon redemption prior to maturity.

Interest on the Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the “Owner”) at such Owner’s address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F – “BOOK-ENTRY ONLY SYSTEM.”

Paying Agent

Wells Fargo Bank, National Association, Denver, Colorado, will act as the registrar, transfer agent, and paying agent for the Bonds (the “Paying Agent”). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action covered by such notice.

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

Redemption

Optional Redemption of Bonds. The Bonds maturing on or before August 1, 2023, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2039, 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 on or after August 1, 2030, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption of Bonds. The Bonds which are term bonds maturing on August 1, in the years 2039, 2040, 2045, and 2050 (the “Term Bonds”), are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedules, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Term Bonds Maturing August 1, 2039

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2036	\$ 70,000
2037	70,000
2038	1,200,000
2039 [†]	2,920,000

[†] Maturity.

Term Bonds Maturing August 1, 2040

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2028	\$ 30,000
2029	35,000
2030	35,000
2031	40,000
2032	70,000
2033	95,000
2034	125,000
2035	155,000
2036	190,000
2037	235,000
2038	275,000
2039	320,000
2040 [†]	370,000

[†] Maturity.

Term Bonds Maturing August 1, 2045

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2041	\$ 415,000
2042	470,000
2043	525,000
2044	585,000
2045 [†]	650,000

[†] Maturity.

Term Bonds Maturing August 1, 2050

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2046	\$ 715,000
2047	1,335,000
2048	1,470,000
2049	1,625,000
2050 [†]	1,785,000

[†] Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000, by any portion of such term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Bonds will be redeemed as directed by the District. Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Bonds of such maturity to be redeemed by lot in any manner determined by the District. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of \$5,000 principal amount, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Bond will be mailed by the Paying Agent, postage prepaid, (i) not less than 20 nor more than 60 days prior to the redemption date by first class mail to the Auditor-Controller/Treasurer-Tax Collector of the County, the respective Owners thereof at the addresses appearing on the bond registration books, (ii) not less than 35 days prior to the redemption date by registered or certified mail or overnight delivery service to DTC, and (iii) 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 Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the Bonds and the dates of maturity or maturities of Bonds to be redeemed; (vi) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated

redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Neither the failure of the Owners of any Bonds or by any securities depository or information service to receive notice of redemption, nor any defect in such notice will affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

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

Effect of Notice of Redemption. When notice of redemption has been given substantially as described above and when the redemption price of the Bonds called for redemption is set aside, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to monies on deposit for that purpose in the respective subaccount of the interest and sinking fund of the District within the Fresno County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional 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 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption monies are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given, except with respect to timing requirements. The actual receipt by the owner of any 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.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and series and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds of a series by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money and/or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) 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, be fully sufficient to pay and discharge

the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Monies

Any money held in any fund or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on any of the Bonds and remaining unclaimed for one year after the principal of all of such Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund of the District 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 monies shall be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Bond Proceeds

The net proceeds from the sale of the Series B Bonds will be deposited in the Fresno County treasury (a) to the credit of the building fund of the District (the "Building Fund"), and (b) to the credit of the Interest and Sinking Fund of the District. The net proceeds of the Refunding Bonds will be deposited with an escrow agent for the defeasance of the Refunded Bonds (defined herein). See "-- Estimated Sources and Uses of Funds" and "-- The Plan of Refinancing" below.

All funds held by the Fresno County Auditor-Controller/Treasurer-Tax Collector (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund shall be invested on behalf of the District by the County Treasurer at the County Treasurer's discretion in such investments pursuant to law and the investment policy of the County, as such policies exist at the time of investment. See "FRESNO COUNTY INVESTMENT POOL" below.

Considerations Regarding Bond Insurance

In the event of a default in the payment of principal of or interest with respect to the Bonds, when all or some becomes due, any Owner of the Bonds may have a claim under the Policy (as defined herein). The Policy would not insure against prepayment premium, if any, with respect to the Bonds. In the event that BAM (as defined herein) is unable to make payment of principal of or interest with respect to the Bonds as such payments become due under the Policy, the Bonds will be payable solely as otherwise described herein.

In the event that BAM becomes obligated to make payments with respect to the Bonds, no assurance can be given that such event would not adversely affect the market price of the Bonds or the marketability of the Bonds, including the liquidity thereof. None of the District, the Financial Advisor or the Underwriter will make an independent investigation of the claims-paying ability of BAM, and no assurance or representation regarding the financial strength or projected financial strength thereof is being made by the District, the Financial Advisor or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Refunding Bonds, potential investors should carefully consider the ability of the District to pay principal of and interest on the Refunding Bonds, assuming that the Policy is not available, and the claims-paying ability of BAM through final maturity of the Refunding Bonds.

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Estimated Sources and Uses of Funds

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

TABLE No. 1
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds, Election of 2016, Series B, and
2020 General Obligation Refunding Bonds
Estimated Sources and Uses of Funds

	Series B Bonds	Refunding Bonds	Total
Sources of Funds:			
Principal Amount of Bonds	\$12,000,000.00	\$4,330,000.00	\$16,330,000.00
Plus (Less) Net Original Issue Premium (Discount)	1,256,354.30	(65,972.30)	1,190,382.00
Total Sources of Funds	\$13,256,354.30	\$4,264,027.70	\$17,520,382.00
Uses of Funds:			
Deposit to Project Fund	\$12,000,000.00	--	\$12,000,000.00
Deposit to Interest and Sinking Fund	970,953.13	--	970,953.13
Deposit to Escrow Fund	--	4,161,703.43	4,161,703.43
Costs of Issuance ⁽¹⁾	285,401.17	102,324.27	387,725.44
Total Uses of Funds	\$13,256,354.30	\$4,264,027.70	\$17,520,382.00

⁽¹⁾ Includes Underwriter's Discount, bond counsel fees, disclosure counsel fees, rating agency fees, financial advisory fees, verification agent fees, paying agent fees, escrow agent fees, printing fees, municipal bond insurance premium, and other miscellaneous expenses.

The Series B Project

Pursuant to the 2016 Authorization, the District intends to apply the net proceeds of sale of the Series B Bonds for capital improvements included on the project list submitted to voters for Measure J. The Board of Education retains the ability to set priorities among the improvements included on the project list in order to meet the needs of the District and its students.

Each item on the Project List is assumed to include, if applicable, its share of furniture, equipment, architectural, engineering, and similar planning costs and program/project management. Completion of the items on the project list is subject to the District's priorities and needs and the availability of adequate funding.

The Plan of Refinancing

The Refunding Bonds are being issued to currently refund the Fowler Unified School District General Obligation Bonds, Election of 2004, Series 2010C, issued by the District on April 13, 2010, in the initial principal amount of \$9,799,291.10 (the "Series 2010C Bonds"). The callable outstanding maturities of the Series 2010C Bonds are referred to herein as the "Refunded Bonds") and are detailed in the following table:

**TABLE No. 2
FOWLER UNIFIED SCHOOL DISTRICT
REFUNDED BONDS**

Maturity Date (August 1)	CUSIP [†]	Principal Amount	Redemption Date	Redemption Price (% of Par Amount)
2039	351136ET9	\$4,055,000	August 3, 2020	100%

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the District nor the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

Escrow Sufficiency

The net proceeds from the sale of the Refunding Bonds shall be transferred to Wells Fargo Bank, National Association, acting as escrow agent (the “Escrow Agent”), to the credit of the escrow fund (the “Escrow Fund”) held under an escrow agreement (the “Escrow Agreement”) by and between the District and the Escrow Agent. The amounts deposited in the Escrow Fund will be held in cash, uninvested, or invested in permitted securities, and will be sufficient to enable the Escrow Agent to pay the principal, redemption premium, and interest due on the Refunded Bonds on the first optional redemption date therefor, as well as the debt service due on the Refunded Bonds on or before such redemption date.

The sufficiency of the cash or securities on deposit in the Escrow Fund to pay the redemption price of and the accrued interest due on the Refunded Bonds, on the above-referenced date, will be verified by Causey, Demgen & Moore, P.C. (the “Verification Agent”). As a result of the deposit and the application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter’s and Verification Agent’s computations, the Refunded Bonds will be defeased and the obligation of the County to levy and collect *ad valorem* taxes for payment thereof will terminate.

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter relating to the computation of the projected payments and interest to retire the Refunded Bonds will be verified by the Verification Agent. Such computations will be based solely on assumption and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study 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.

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Debt Service Schedules

Debt service on the Series B Bonds, assuming no early optional redemptions, is shown in the following table.

TABLE No. 3
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds, Election of 2016, Series B

Annual Debt Service			
Period Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020		\$ 127,272.53	\$ 127,272.53
2021	\$ 300,000.00	532,768.76	832,768.76
2022		520,768.76	520,768.76
2023	150,000.00	520,768.76	670,768.76
2024		514,768.76	514,768.76
2025		514,768.76	514,768.76
2026		514,768.76	514,768.76
2027		514,768.76	514,768.76
2028	30,000.00	514,768.76	544,768.76
2029	35,000.00	513,568.76	548,568.76
2030	35,000.00	512,168.76	547,168.76
2031	40,000.00	510,768.76	550,768.76
2032	70,000.00	509,168.76	579,168.76
2033	95,000.00	506,368.76	601,368.76
2034	125,000.00	502,568.76	627,568.76
2035	155,000.00	497,568.76	652,568.76
2036	190,000.00	491,368.76	681,368.76
2037	235,000.00	483,768.76	718,768.76
2038	275,000.00	474,368.76	749,368.76
2039	320,000.00	463,368.76	783,368.76
2040	370,000.00	450,568.76	820,568.76
2041	415,000.00	435,768.76	850,768.76
2042	470,000.00	421,762.50	891,762.50
2043	525,000.00	405,900.00	930,900.00
2044	585,000.00	388,181.26	973,181.26
2045	650,000.00	368,437.50	1,018,437.50
2046	715,000.00	346,500.00	1,061,500.00
2047	1,335,000.00	310,750.00	1,645,750.00
2048	1,470,000.00	244,000.00	1,714,000.00
2049	1,625,000.00	170,500.00	1,795,500.00
2050	1,785,000.00	89,250.00	1,874,250.00
Totals	\$12,000,000.00	\$13,372,097.75	\$25,372,097.75

Debt service on the Refunding Bonds, assuming no early optional redemptions, is shown in the following table.

TABLE No. 4
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
2020 General Obligation Refunding Bonds

Annual Debt Service			
Period Ending (August 1)	Principal	Interest	Total Annual Debt Service
2020	\$ 70,000.00	\$ 33,575.83	\$ 103,575.83
2021	--	138,450.00	138,450.00
2022	--	138,450.00	138,450.00
2023	--	138,450.00	138,450.00
2024	--	138,450.00	138,450.00
2025	--	138,450.00	138,450.00
2026	--	138,450.00	138,450.00
2027	--	138,450.00	138,450.00
2028	--	138,450.00	138,450.00
2029	--	138,450.00	138,450.00
2030	--	138,450.00	138,450.00
2031	--	138,450.00	138,450.00
2032	--	138,450.00	138,450.00
2033	--	138,450.00	138,450.00
2034	--	138,450.00	138,450.00
2035	--	138,450.00	138,450.00
2036	70,000.00	138,450.00	208,450.00
2037	70,000.00	136,175.00	206,175.00
2038	1,200,000.00	133,900.00	1,333,900.00
2039	2,920,000.00	94,900.00	3,014,900.00
Totals	\$4,330,000.00	\$2,613,750.83	\$6,943,750.83

Other General Obligation Bonds

In addition to the Bonds, the District has issued the following series of outstanding general obligation bonds secured by *ad valorem* taxes levied upon all property subject to taxation by the District:

1993 Authorization. On March 1, 1999, the District issued \$5,475,000 in principal amount of refunding bonds (the "1999 Refunding Bonds") in order to refund general obligation bonds of the District issued under the 1993 Authorization in 1996. The 1999 Refunding Bonds remain outstanding in the principal amount of \$535,000. The 1999 Refunding Bonds will be fully paid and redeemed on July 1, 2020, the final debt service payment date for the 1999 Refunding Bonds.

2004 Authorization. On November 2, 2004, the qualified voters in the District authorized the issuance of \$21,000,000 in general obligation bonds (the "2004 Authorization").

On May 19, 2005, the District issued its first series under the 2004 Authorization, designated Fowler Unified School District General Obligation Bonds, Election of 2004, Series 2005, in the aggregate initial principal amount of \$9,001,610.90 (the "2005 Bonds"). A portion of the 2005 Bonds were refunded by proceeds of the 2014 Refunding Bonds (defined below). The 2005 Bonds remain outstanding in the principal amount of \$796,611.

On March 10, 2010, the District issued its second series of bonds under the 2004 Authorization, designated Fowler Unified School District General Obligation Bonds, Election of 2004, Series 2010B, in the initial principal amount of \$2,199,079.15 (the "2010B Bonds"). The 2010B Bonds remain outstanding in the denominational amount of \$2,193,703.45.

On April 13, 2010, the District issued the 2010C Bonds (previously defined herein), as its third and final series under the 2004 authorization, in the initial principal amount of \$9,799,291.10. The Refunding Bonds described herein are being issued to refund the callable outstanding maturities of the 2010C Bonds.

On May 6, 2014, the District issued \$6,140,000 in principal amount of refunding bonds (the 2014 Refunding Bonds") in order to refund a portion of the District's outstanding 2005 Bonds. The 2014 Refunding Bonds remain outstanding in the principal amount of \$3,985,000.

2016 Authorization. On November 8, 2016, the qualified voters in the District authorized the issuance of \$42,000,000 in general obligation bonds (the "2016 Authorization").

On March 16, 2017, the District issued its first series of bonds under the 2016 Authorization, designated Fowler Unified School District General Obligation Bonds, and Election of 2016, Series A, in the aggregate principal amount of \$12,000,000 (the "Series A Bonds").

Aggregate Debt Service

Debt service on all of the District's outstanding general obligation bonds, including the Bonds, after giving effect to the refunding defeasance of the Refunded Bonds, assuming no other early optional redemptions, is shown in the table on the following page.

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TABLE No. 5
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending (August 1)	1999 Refunding Bonds	2005 Bonds	2010B Bonds	2010C Bonds ⁽¹⁾	2014 Refunding Bonds	2016 Series A Bonds	Series B Bonds	Refunding Bonds	Aggregate Total Debt Service
2020	\$ 418,910.00	--	\$ 40,000.00	\$ 221,443.75	\$ 674,100.00	\$ 1,070,143.76	\$ 127,272.53	\$ 103,575.83	\$ 2,655,445.87
2021	--	--	65,000.00	125,000.00	702,850.00	741,143.76	832,768.76	138,450.00	2,605,212.52
2022	--	--	90,000.00	130,000.00	733,850.00	777,143.76	520,768.76	138,450.00	2,390,212.52
2023	--	--	120,000.00	135,186.80	764,650.00	540,643.76	670,768.76	138,450.00	2,369,699.32
2024	--	--	155,000.00	136,700.25	798,950.00	560,143.76	514,768.76	138,450.00	2,304,012.77
2025	--	--	195,000.00	143,299.00	829,150.00	583,393.76	514,768.76	138,450.00	2,404,061.52
2026	--	\$ 920,000.00	232,862.00	150,161.85	--	465,143.76	514,768.76	138,450.00	2,421,386.37
2027	--	955,000.00	278,570.25	151,000.80	--	487,393.76	514,768.76	138,450.00	2,525,183.57
2028	--	995,000.00	324,438.00	154,612.90	--	508,393.76	544,768.76	138,450.00	2,665,663.42
2029	--	1,035,000.00	375,000.00	158,010.60	--	533,143.76	548,568.76	138,450.00	2,788,173.12
2030	--	--	1,510,706.70	157,312.90	--	554,093.76	547,168.76	138,450.00	2,907,732.12
2031	--	--	1,615,412.40	155,779.10	--	578,893.76	550,768.76	138,450.00	3,039,304.02
2032	--	--	1,727,352.90	157,680.00	--	607,481.26	579,168.76	138,450.00	3,210,132.92
2033	--	--	1,851,720.50	149,752.00	--	634,606.26	601,368.76	138,450.00	3,375,897.52
2034	--	--	60,000.00	2,065,000.00	--	660,506.26	627,568.76	138,450.00	3,551,525.02
2035	--	--	--	2,255,692.80	--	690,181.26	652,568.76	138,450.00	3,736,892.82
2036	--	--	--	2,390,772.90	--	723,037.50	681,368.76	208,450.00	4,003,629.16
2037	--	--	--	2,538,389.25	--	753,787.50	718,768.76	206,175.00	4,217,120.51
2038	--	--	--	1,545,000.00	--	787,850.00	749,368.76	1,333,900.00	4,416,118.76
2039	--	--	--	--	--	823,850.00	783,368.76	3,014,900.00	4,622,118.76
2040	--	--	--	3,235,000.00	--	862,650.00	820,568.76	--	4,918,218.76
2041	--	--	--	3,415,000.00	--	899,050.00	850,768.76	--	5,164,818.76
2042	--	--	--	3,605,000.00	--	943,050.00	891,762.50	--	5,439,812.50
2043	--	--	--	3,806,213.95	--	984,250.00	930,900.00	--	5,721,363.95
2044	--	--	--	4,019,058.40	--	1,027,775.00	973,181.26	--	6,020,014.66
2045	--	--	--	4,242,694.00	--	1,076,837.50	1,018,437.50	--	6,337,969.00
2046	--	--	--	4,477,681.00	--	1,120,912.50	1,061,500.00	--	6,660,093.50
2047	--	--	--	4,728,720.00	--	--	1,645,750.00	--	6,374,470.00
2047	--	--	--	4,992,627.15	--	--	1,714,000.00	--	6,706,627.15
2049	--	--	--	5,270,000.00	--	--	1,795,500.00	--	7,065,500.00
2050	--	--	--	--	--	--	1,874,250.00	--	1,874,250.00
Totals	\$ 418,910.00	\$3,905,000.00	\$8,641,062.75	\$54,712,789.40	\$4,503,550.00	\$19,995,500.16	\$25,372,097.75	\$6,943,750.83	\$124,492,660.89

⁽¹⁾ This column takes into account the planned refunding of the Refunded Bonds as described herein.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”), guaranteeing the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM. BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the ac-

curacy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM.

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for the District's repayment of principal of and interest on the Bonds when due, the Board of Supervisors of the County of Fresno (the "County") is empowered and obligated to levy and collect *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District. When so collected by the County, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and used solely for the District's payment of general obligation bonds of the District. The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of (or a pledge of the full faith and credit of) the County. No funds or account of the County are pledged or obligated to repayment of the Bonds.

Not a County Obligation

No funds of the County are pledged or obligated to repayment of the Bonds. The Bonds are payable solely from the proceeds of *ad valorem* taxes to be levied and collected by the County within the District pursuant to the California

Constitution and other State law, for the payment by the District of principal of and interest on the Bonds, and are not a debt or obligation of the County. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the County.

Pledge of Tax Revenues and Statutory Lien

Under State law, school districts may levy *ad valorem* taxes to pay principal and interest on general obligation bond debt that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such voter-approved general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to the Resolutions, the District has pledged revenues from the *ad valorem* taxes collected from the levy by the Board of Supervisors to the payment of the Bonds, and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal of or redemption price of and interest on the Bonds (the "Pledge"). This Pledge is valid and binding from the date of adoption of the Resolutions for the benefit of the owners of the Bonds and successors thereto. The Pledge provides security for the Bonds in addition to the statutory lien described below. The Refunding Bonds, secured by the Pledge, are being issued to refinance one or more of the bonds which provided funds for projects under the 2004 Authorization. The Series B Bonds, secured by the Pledge, are being issued to provide funds for the projects authorized by the voters under Measure J and the 2016 Authorization. The amounts held in the Interest and Sinking Fund of the District are immediately subject to this Pledge, and the Pledge constitutes a lien and security interest, pursuant to Section 5451 of the California Government Code, which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and is 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.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the District's payment thereof. Such lien automatically attaches, without further actions or authorization by the District's Board of Education, and are valid and binding from the time the Bonds are delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successors, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

On March 26, 2019, the United States Court of Appeals for the First Circuit ("First Circuit") issued an opinion regarding issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The First Circuit ruled that Sections 928(a) and 922(d) of the United States Bankruptcy Code permit, but do not require, continued payment during the pendency of bankruptcy proceedings, reasoning those provisions stand for the premise that any consensual prepetition lien (as evidenced here by the Pledge) secured by special revenues will survive the period of municipal bankruptcy, and, accordingly, municipalities can elect to voluntarily continue payment on these debts during the course of the bankruptcy proceedings so as to not fall behind and thus be at risk of being unable to secure financing in the future. To the extent the decisions in these appeals affect the treatment or scope of special revenues in bankruptcy cases, they may also affect the creditworthiness of the Bonds. See also, "OTHER LEGAL MATTERS – Possible Limitation on Remedies," herein.

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 receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

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 for the school district 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 school district funds, including taxes collected for the school district's payment of school bonds, and is charged with the school district's payment of principal and interest on the bonds when due.

Coronavirus

The recent outbreak of the novel strain of coronavirus called COVID-19, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market, in the United States and globally have seen significant recent volatility and decline that have been attributed to coronavirus concerns. The California Department of Public Health and the United States Centers for Disease Control and Prevention have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments.

The District cannot predict the extent or duration of the outbreak, or what impact the outbreak and any resulting economic situation might have on the District's financial condition or operations, including potential impacts on the assessed values of property within the District. See "SECURITY AND SOURCE OF PAYMENT OF THE BONDS – Assessed Valuation of Property within the District." The District also cannot predict what future impacts the outbreak may have on its operations and budget, however, the Bonds are payable solely from *ad valorem* property taxes and not payable from the general fund of the District.

For a discussion regarding other impacts the District may face in connection with the coronavirus pandemic, see "APPENDIX A – INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – Impact to District Operations and Budget Due to Coronavirus Pandemic."

Assessed Valuation of Property within the District

Taxable property located in the District has a 2019-20 assessed value of \$1,904,898,246. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described under the heading, "– *State-Assessed Property*" below.

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "–*Adjustments of Assessed Valuation*" below.

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 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 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 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 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 Counties. 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 Counties. The District is unable to predict future transfers of State-assessed property in the District and the Counties, 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.

Assembly Bill 102. In 2017, the Legislature passed Assembly Bill 102 ("AB 102"). AB 102 restructured the State Board of Equalization and shifted certain of its duties to two new agencies: the California Department of Tax and Fee Administration ("CDTFA"), and the Office of Tax Appeals. The CDTFA took over certain programs previously handled by the State Board of Equalization, including the Tax Area Services Section, which is responsible for maintaining tax-rate area maps and special district boundary maps. The Office of Tax Appeals took over certain types of appeals on tax and fee matters, such as sales and use tax and other special taxes and fees; however, appeals related to programs under the State Board of Administration's authority pursuant to the State Constitution will remain with the State Board of Equalization. Pursuant to the State Constitution, and unaffected by AB 102, the State Board of Equalization remains responsible for the review, equalization, or adjustment of property tax assessment, and the measurement of county assessment levels and adjustment of secured local assessment rolls.

Classification of Locally Taxed Property. Locally taxed 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." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

Under California law, a city or county could, and did, prior to recent California legislation dissolving redevelopment agencies, create a redevelopment agency in territory within one or more school districts. Upon formation of a "project area" of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as "tax increment") belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special *ad valorem* property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special *ad valorem* property taxes are not affected or diverted by the operation of a redevelopment agency project area. The application of such revenues diverted by redevelopment agencies is now substantially limited to meeting existing debt service of the redevelopment agencies.

Shown in the following table is the assessed valuation of property in the District in fiscal years 2007-08 through 2019-20.

TABLE NO. 6
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Assessed Valuations
Fiscal Years 2007-08 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	Annual Change
2007-08	\$ 961,892,626	\$ 92,810	\$ 156,794,536	\$ 1,118,779,972	--
2008-09	1,013,637,106	92,810	135,993,596	1,149,723,512	2.77%
2009-10	1,032,992,896	92,810	217,074,339	1,250,160,045	8.74%
2010-11	1,062,895,517	92,810	210,565,287	1,273,553,614	1.87%
2011-12	1,091,311,069	111,423	184,772,749	1,276,195,241	0.21%
2012-13	1,089,300,059	111,423	191,278,125	1,280,689,607	0.35%
2013-14	1,152,030,656	111,423	201,352,610	1,353,494,689	5.68%
2014-15	1,210,725,738	111,423	176,917,842	1,387,755,003	2.53%
2015-16	1,255,453,813	219,414	210,950,001	1,466,623,228	5.68%
2016-17	1,333,233,072	20,319,414	227,581,595	1,581,134,081	7.81%
2017-18	1,460,060,139	11,119,414	212,496,604	1,683,676,157	6.49%
2018-19	1,534,786,828	6,389,414	219,696,437	1,760,872,679	4.58%
2019-20	1,645,975,974	6,723,952	252,198,320	1,904,898,246	8.18%

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also “–Adjustments of Assessed Valuation” below.

Adjustments of Assessed Valuation. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the County assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property’s then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner’s property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner’s property in any one year must submit an application to the county assessment appeals board (the “Appeals Board”). Following a review of the application by the county assessor’s office (the “Assessor”), the Assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation

is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal’s filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measurement is computed on a calendar year basis.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Assessed Valuation by Jurisdiction. The following table shows the District’s fiscal year 2019-20 assessed valuation of property by amount and percentage within the political jurisdictions in the County.

**TABLE NO. 7
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Fiscal Year 2019-20 Assessed Valuations by Jurisdiction**

Jurisdiction	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Fowler	\$ 624,508,810	32.78%	\$ 624,508,810	100.00%
City of Fresno	78,376,399	4.11	38,558,581,315	0.20%
Unincorporated Fresno County	1,202,013,037	63.10	24,439,326,851	4.92%
Total District	\$1,904,898,246	100.00%		
Fresno County	\$1,904,898,246	100.00%	\$83,009,660,879	2.29%

Source: California Municipal Statistics, Inc.

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

TABLE No. 8
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
2019-20 Assessed Valuation and Parcels by Land Use

	2019-20	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural	\$ 236,052,088	14.34%	658	17.59%
Commercial	85,431,094	5.19	118	3.15
Vacant Commercial	9,698,450	0.59	45	1.20
Industrial	820,525,207	49.85	370	9.89
Vacant Industrial	48,019,374	2.92	128	3.42
Government/Social/Institutional	<u>1,818,879</u>	<u>0.11</u>	<u>18</u>	<u>0.48</u>
Subtotal Non-Residential	\$1,201,545,092	73.00%	1,337	35.74%
<u>Residential:</u>				
Single Family Residence	\$386,528,772	23.48%	1,964	52.50%
Condominium	11,757,554	0.71	79	2.11
Mobile Home	3,268,770	0.20	93	2.49
Mobile Home Park	1,983,014	0.12	2	0.05
2+ Residential Units/Apartments	26,405,546	1.60	122	3.26
Vacant Residential	<u>14,487,226</u>	<u>0.88</u>	<u>144</u>	<u>3.85</u>
Subtotal Residential	\$444,430,882	27.00%	2,404	64.26%
Total	\$1,645,975,974	100.00%	3,741	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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

TABLE No. 9
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Per Parcel 2019-20 Assessed Valuation of Single Family Homes

	<u>No. of Parcels</u>	<u>2019-20 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	1,964	\$386,528,772	\$196,807	\$184,213

<u>2019-20 Assessed Valuation</u>	<u>No. of Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	33	1.680%	1.680%	\$ 599,397	0.155%	0.155%
\$25,000 - \$49,999	123	6.263	7.943	4,745,782	1.228	1.383
\$50,000 - \$74,999	135	6.874	14.817	8,288,625	2.144	3.527
\$75,000 - \$99,999	207	10.540	25.356	18,321,784	4.740	8.267
\$100,000 - \$124,999	168	8.554	33.910	18,807,555	4.866	13.133
\$125,000 - \$149,999	142	7.230	41.141	19,543,913	5.056	18.189
\$150,000 - \$174,999	131	6.670	47.811	21,130,514	5.467	23.656
\$175,000 - \$199,999	134	6.823	54.633	25,320,998	6.551	30.207
\$200,000 - \$224,999	104	5.295	59.929	21,939,095	5.676	35.883
\$225,000 - \$249,999	160	8.147	68.075	38,191,057	9.881	45.763
\$250,000 - \$274,999	119	6.059	74.134	31,255,239	8.086	53.850
\$275,000 - \$299,999	144	7.332	81.466	41,042,917	10.618	64.468
\$300,000 - \$324,999	83	4.226	85.692	25,743,621	6.660	71.128
\$325,000 - \$349,999	59	3.004	88.697	19,945,225	5.160	76.288
\$350,000 - \$374,999	62	3.157	91.853	22,385,961	5.792	82.080
\$375,000 - \$399,999	49	2.495	94.348	19,003,571	4.916	86.996
\$400,000 - \$424,999	27	1.375	95.723	11,060,391	2.861	89.858
\$425,000 - \$449,999	36	1.833	97.556	15,715,083	4.066	93.923
\$450,000 - \$474,999	29	1.477	99.033	13,386,954	3.463	97.387
\$475,000 - \$499,999	8	0.407	99.440	3,858,817	0.998	98.385
\$500,000 and greater	<u>11</u>	0.560	100.000	<u>6,242,273</u>	1.615	100.000
	1,964	100.000%		\$386,528,772	100.000%	

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

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Largest Taxpayers in District. The twenty taxpayers with the greatest combined ownership of taxable property in the District on the 2019-20 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are shown below.

TABLE No. 10
FOWLER UNIFIED SCHOOL DISTRICT
(FRESNO COUNTY, CALIFORNIA)
Largest 2019-20 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>% of Total (1)</u>
1. United States Cold Storage of California	Warehouse	\$ 74,501,469	4.53%
2. Vitro Flat Glass LLC	Light Manufacturing	69,123,800	4.20
3. Bee Sweet Citrus Inc.	Packing House	59,517,044	3.62
4. Sunshine Raisin Corporation	Packing House	32,376,595	1.97
5. Poindexter Enterprises LLC	Light Manufacturing	28,330,850	1.72
6. AGNL Carton LP	Warehouse	26,360,048	1.60
7. Fowler Business & Professional Park LLC	Office Building	19,582,317	1.19
8. Tesenderlo Kerley Inc.	Warehouse	17,859,073	1.09
9. Southern Pacific Pipe Lines	Oil & Gas	17,660,345	1.07
10. Logos Group Investors LLC	Warehouse	16,747,507	1.02
11. Fresno Leasing LLC	Warehouse	16,400,000	1.00
12. Jet Lag	Warehouse	15,312,617	0.93
13. 3146 South Chestnut Partners LLC	Warehouse	14,330,106	0.87
14. Spada Investments LLC	Warehouse	12,036,000	0.73
15. Logos Group Inc.	Warehouse	11,856,296	0.72
16. JD Prop Sanger LLC	Warehouse	10,717,370	0.65
17. Super Slam	Warehouse	10,061,827	0.61
18. Philip Boghosian, Trustee	Warehouse	9,765,753	0.59
19. Brandt & Salmonson LLC	Warehouse	9,517,955	0.58
20. jbpops.com	Warehouse	<u>8,680,299</u>	<u>0.53</u>
		\$480,737,271	29.21%

⁽¹⁾ 2019-20 local secured assessed valuation: \$1,645,975,974
Source: California Municipal Statistics, Inc.

Bonding Capacity

As a unified school district, the District may issue bonds in an amount up to 2.5% 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 \$47,622,456, and its net bonding capacity is approximately \$19,977,778 (taking into account current outstanding bond debt before issuance of the Bonds of \$27,644,678, and the 2019-20 assessed valuation of taxable property within the District of \$1,904,898,246).

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.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, drought, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows *ad valorem* property tax rates in a typical Tax Rate Area in the City of Fowler portion of the District (TRA 95-001) over the five year period from 2015-16 through 2019-20. The 2019-20 assessed valuation of the property within TRA 95-001 is \$361,770,789, which is approximately 18.99% of the total assessed value of the District.

TABLE No. 11
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Typical Total Tax Rates as Percentage of Assessed Valuation
(TRA 95-001)
Fiscal Years 2015-16 through 2019-20

	2015-16	2016-17	2017-18	2018-19	2019-20
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Fowler Unified School District	0.080284	0.061428	0.138290	0.120452	0.112630
State Center Community College District	0.008064	0.008480	0.025934	0.022966	0.025789
Total All Property Tax Rate	1.088348%	1.069908%	1.164224%	1.143418%	1.138416%

Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Series B Bonds to be approved by at least 55% popular vote, bonds may not be issued pursuant to the 2016 Authorization unless the District projects that repayment of all outstanding bonds approved at such election will require a tax rate no greater than \$60.00 per \$100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay the Series B Bonds and all other outstanding bonds approved under the 2016 Authorization, which consists of the Series A Bonds and the Series B Bonds, will be within that legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Bonds in each year.

Tax Charges 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 complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

County treasurers prepare 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 and a \$10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a \$15 state redemption fee applies. Interest then begins 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 county treasurers.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty and fees attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the clerk of the local court specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

The following table shows real property tax charges and corresponding delinquencies with respect to property located in the District and within Fresno County for fiscal years 2011-12 through 2018-19 (the most recent year for which figures are available).

TABLE No. 12
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2011-12 through 2018-19

	Secured Tax Charge ⁽¹⁾	Amount Delinquent (June 30)	% Delinquent (June 30)
2011-12	\$11,672,605.02	\$ 176,140.63	1.51%
2012-13	11,997,496.06	220,738.90	1.84
2013-14	13,989,464.10	260,023.72	1.86
2014-15	14,610,070.52	174,035.05	1.19
2015-16	15,601,269.94	188,997.90	1.21
2016-17	16,602,543.20	324,012.37	1.95
2017-18	19,082,054.76	245,901.79	1.29
2018-19	19,999,743.06	187,146.54	0.94

⁽¹⁾ All taxes collected by the County within the District.

Source: *California Municipal Statistics, Inc.*

Teeter Plan

The Board of Supervisors of Fresno County implemented an alternative method for the distribution of secured property taxes to local agencies, known as the “Teeter Plan.” The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as depository and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk, which in turn makes it more certain that sufficient funds will be available for the District’s repayment of the Bonds.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by Fresno County as an interest-free offset against future advances of tax levies under the Teeter Plan.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency.

The Teeter Plan applies to the 1% general purpose tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of local agencies, varies by county. Fresno County includes the District's general obligation bond levy under the Teeter Plan. Therefore, District's receipt of property taxes within Fresno County with respect to the District's general obligation bonds, including the Bonds, are not subject to delinquencies. If the Teeter Plan for Fresno County was terminated, the amount of the levy of *ad valorem* secured property taxes in the District would depend upon the collections of the *ad valorem* secured property taxes and delinquency rates experienced with respect to the parcels within the Fresno County portion of the District. The Teeter Plan, as implemented by the County, does not apply to the supplemental secured property tax roll.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt as of March 1, 2020, such schedule delivered by California Municipal Statistics, Inc., on January 31, 2020. 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. Column two shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. 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.

TABLE No. 13
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Statement of Direct and Overlapping Bonded Debt

2019-20 Assessed Valuation: \$1,904,898,246

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/20</u>
State Center Community College District	2.108%	\$ 3,281,524
Fowler Unified School District	100.000	27,644,678 ⁽¹⁾
City of Fowler 1915 Act Bonds (Estimate)	100.000	<u>710,303</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$31,636,505

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Fresno County General Fund Obligations	2.295%	\$ 811,971
Fresno County Pension Obligation Bonds	2.295	5,233,122
City of Fowler General Fund Obligations	100.000	117,816
City of Fresno General Fund and Judgment Obligation Bonds	0.203	340,909
City of Fresno Pension Obligation Bonds	0.203	<u>235,805</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$6,739,623

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$325,826
COMBINED TOTAL DEBT	\$38,701,954 ⁽²⁾

(1) Excludes the Bonds, and includes the Refunded Bonds, both described herein.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$27,644,678)	1.45%
Total Direct and Overlapping Tax and Assessment Debt.....	1.66%
Combined Total Debt	2.03%

Ratios to Redevelopment Incremental Valuation (\$271,907,077):

Total Overlapping Tax Increment Debt.....	0.12%
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Source: California Municipal Statistics, Inc.

FRESNO COUNTY INVESTMENT POOL

The following information concerning the Fresno County Investment Pool (the "Investment Pool" or "Pool") has been obtained from the Fresno County website (<http://www.co.fresno.ca.us>) and has not been confirmed or verified by the District, the Financial Advisor or the Underwriter. The website is not incorporated herein by reference. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

The Fresno County Board of Supervisors approved the current County Investment Policy Statement (the "Investment Policy") on November 5, 2019 (See APPENDIX G – "FRESNO COUNTY INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT"). The Investment Policy applies to all financial assets deposited and retained in the Investment Pool. The primary goal is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives of Fresno County, while meeting the daily cash flow demands of the Fresno

County Treasury. The main investing objectives, in order of priority are: Legality, Safety, Liquidity, Return on Investment; and Local Community Reinvestment.

Oversight of the investments is conducted in several ways. The County's Treasury Oversight Committee annually reviews and monitors the Investment Policy. In addition, the Auditor-Controller's Internal Audit Division audits the portfolio on a quarterly and annual basis pursuant to California Government Code Sections 26920 and 26922. Finally, an independent audit is also conducted annually as required by Sections 27130 through 27137 of California Government Code and the Investment Policy. All audit reports, and the quarterly Treasurer's Investment Reports are available online at <https://www.co.fresno.ca.us/departments/auditor-controller-treasurer-tax-collector/publications>. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

The District's funds held by the Fresno County Treasurer are invested in the Investment Pool. According to the County's most recently available quarterly investment report, as of December 31, 2019, the market value of the Pool was \$4.2 billion. As of December 31, 2019, the Pool has a weighted average maturity of 2.06 years. On a book value basis, 32.9% of the Pool's portfolio matures within 12 months, 15.7% matures between 1 and 2 years, 15.9% matures between 2 and 3 years, 18.0% matures between 3 and 4 years and 17.5% matures between 4 and 5 years. (See APPENDIX G- "FRESNO COUNTY INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT").

Neither the District nor the Financial Advisor nor the Underwriter have made an independent investigation of the investments in the Pool nor have they made any assessment of the current Fresno County Investment Policy. The value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the Treasury Oversight Committee and the Fresno County Board of Supervisors, may change the Fresno County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described herein.

TAX MATTERS

In the opinion of Lozano Smith, LLP, Sacramento, California, Bond Counsel to the District, subject, however, to certain qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

The proposed forms of opinion of Bond Counsel are set forth in APPENDIX D hereto.

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

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof, subject to the

limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, prepayment, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

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

Other Tax Considerations. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, future legislative proposals could limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals or clarifications of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including, but not limited to, selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE

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

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the MSRB (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than the March 31 following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2019-20 fiscal year (which is due no later than March 31, 2021) and notice of the occurrence of certain enumerated events ("Listed Events") within ten (10) business days after the occurrence of such a Listed Event. The specific nature of the information to be contained in the Annual Report and the notices of Listed Events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC").

The District has existing disclosure obligations pursuant to the Rule. In the five years preceding the date of this Official Statement, the District timely filed all of its required Annual Reports and notices of Listed Events, in all material respects, required under its previous continuing disclosure undertakings pursuant to the Rule, with the following exception: The District timely filed its Annual Reports for fiscal years 2016-17 and 2017-18, but did not associate such filings with its then-outstanding 1999 Refunding Bonds. Corrective Annual Report filings have subsequently been posted through the EMMA system. The District has retained the firm Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, Irvine, California, to prepare and file all required Annual Reports and Listed Event notices, to assist with ongoing compliance monitoring and auditing, and to serve as its Dissemination Agent with respect to all prior and new undertakings, which includes the Bonds.

A failure by the District to comply with an undertaking will not constitute an event of default with respect to the Bonds. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The County shall not have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

OTHER LEGAL MATTERS

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Lozano Smith, LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to each series of the Bonds at the time of issuance substantially in the forms set forth in APPENDIX D hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Lozano Smith, LLP, as counsel to the District and as Disclosure Counsel to the District. Certain matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation.

Legality for Investment in California

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

Possible Limitations on Remedies

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing a school 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 for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the district for the adjustment of its debts. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, then the application of ad valorem taxes to pay the Bonds could be stayed during the proceeding (unless they are determined to be "special revenues" within the meaning of the Bankruptcy Code and not derived from District projects), and it is possible that the terms of the Bonds and the Resolution (including amount, rate, security, and tax-related covenants) could be altered by a plan of adjustment, if the bankruptcy court determines that the alterations are fair and equitable and otherwise comply with the requirements of the Bankruptcy Code. Bankruptcy courts are courts of equity with broad discretionary powers, and their decisions can be heavily influenced by the facts in a case, including whether commingled ad valorem tax revenues can be identified, and the overall goal of the Bankruptcy Code to facilitate an adjustment of debts. A bankruptcy proceeding, if initiated on behalf of the District, could have an adverse effect on the liquidity and value of the Bonds. See also, "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS –Pledge of Tax Revenues and Statutory Lien," herein.

The County, on behalf of the District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County investment portfolio, as described in "FRESNO COUNTY INVESTMENT POOL" herein and APPENDIX G – "FRESNO COUNTY INVESTMENT POLICY AND QUARTERLY INVESTMENT REPORT" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Absence of Material Litigation

No litigation is pending or threatened concerning or contesting the validity of the Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Bonds or District officials who will sign certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

The District is occasionally 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 Underwriter relating to the computation of the projected payments of principal and interest to retire the Refunded Bonds will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "Verification Agent"). Such computations will be based solely on assumptions and information supplied by the District and the Underwriter. The Verification Agent will restrict its procedures to verifying the arithmetical accuracy of certain computations and will not make any study 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

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign the rating of "AA" to the Bonds, with the understanding that a municipal bond insurance policy insuring the payment, when due, of principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company at the time of delivery of the Bonds. S&P has also assigned an underlying rating of "A+" to the Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained only from S&P. Such ratings are not a recommendation to buy, sell, or hold the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies, and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment circumstances so warrant. The District undertakes no responsibility either to bring to the attention of the owners of the Bonds any downward revision or withdrawal of any ratings obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Neither the Underwriter nor the District has undertaken any responsibility after the offering of the Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Professionals Involved in the Offering

Lozano Smith, LLP is acting as Bond Counsel, Disclosure Counsel and District Counsel with respect to the Bonds, and will receive compensation contingent upon the sale and delivery of the Bonds.

Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as counsel to the Underwriter.

Fieldman, Rolapp & Associates (the "Financial Advisor") has been employed by the District to perform financial services in relation to the sale and delivery of the Bonds. The Financial Advisor will not participate in the

underwriting of the Bonds. The Financial Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Fees charged by the Financial Advisor are contingent upon the sale of the Bonds.

Underwriting

The Bonds are being purchased for reoffering to the public by Piper Sandler & Co. (the “Underwriter”) pursuant to the terms of two bond purchase agreements, one for the Series B Bonds (the “Series B Bond Purchase Agreement”) and one for the Refunding Bonds (the “Refunding Bond Purchase Agreement”), each by and between the Underwriter and the District (together, the “Purchase Agreements”).

The Underwriter has agreed to purchase the Series B Bonds at a price of \$13,160,354.30 (equal to the principal amount of Series B Bonds plus net original issue premium thereon of \$1,256,354.30 and less underwriter’s discount of \$96,000.00).

The Underwriter has agreed to purchase the Refunding Bonds at a price of \$4,229,387.70 (equal to the principal amount of Refunding Bonds less net original issue discount thereon of \$65,972.30 and less underwriter’s discount of \$34,640.00).

The Purchase Agreements provide that the Underwriter will purchase all of the Bonds, subject to certain terms and conditions set forth in the Purchase Agreements, including the approval of certain legal matters by counsel.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover pages of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

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

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Fowler Unified School District (the "District"), the District's finances, and State of California (the "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 Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and the ad valorem tax pledged by the District to repayment of the Bonds is required to be levied and collected by the County of Fresno on property, within the District, in an amount sufficient for the District's timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

The Fowler Unified School District (the "District"), originally established in 1908, comprises an area of approximately 40 square miles. The District is located in the southern portion of Fresno County, and serves the community of Fowler, which is located south of Fresno, west of Sanger and north of Selma. The District is comprised of students from the communities of Fowler and Malaga and includes the following schools: Marshall School (K-2), Malaga School (K-5), Fremont School (3-5), Sutter Middle School (6-8), Fowler High School (9-12), and Fowler Academy Alternative Education School (7-12). The District's current enrollment is 2,608 students.

Governing Board

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Paul Marietti is the District Superintendent and May Yang is the Assistant Superintendent, Business Services. See "THE DISTRICT - Superintendent and Financial and Fiscal Administrative Personnel." Current voting members of the District Board, together with their office and the date their term expires, are listed below:

FOWLER UNIFIED SCHOOL DISTRICT (Fresno County, California) Board of Education

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Fred Valle	President	December, 2020
Darlene Martin	Clerk	December, 2020
Henry Murrieta	Member	December, 2022
Art Rojas	Member	December, 2022
Mark Stockwell	Member	December, 2022

Superintendent and Financial and Fiscal Administrative Personnel

The day-to-day operations of the District are managed by a Board-appointed Superintendent. Information concerning the Superintendent and certain other key administrative personnel is set forth below.

Dr. Paul Marietti, Superintendent. Dr. Paul Marietti joined the District as Superintendent in August, 2019. Prior to coming to the District, Dr. Marietti was a high school social science teacher for 15 years in the Los Angeles area. In 2005 he took an Assistant Principal position at Santa Paula High School in Ventura County and eventually became Principal. From there he went to the Ventura County Office of Education and oversaw the Court and Community Schools program. Before taking the position of Superintendent for Fowler, he was the Assistant Superintendent, Human Resources for Pleasant Valley School District in Camarillo. Dr. Marietti holds a Bachelors and Master's Degree in History along with a Master's Degree in School Administration, a teaching credential in Social Science, a teaching credential in Special Education, and a Doctorate in School Leadership.

May Yang, Assistant Superintendent, Business Services. Ms. Yang joined the district in January, 2020. Prior to coming to the District she was the Assistant Superintendent of Business Services for 4 years at Dos Palos – Oro Loma Joint Unified School District. She holds a Bachelor's Degree in Accounting from Metropolitan State University and a Master's Degree in Accounting from University of Phoenix, as well as a Chief Business Official Certificate from California Association of School Business Officials.

Impact to District Operations and Budget Due to Coronavirus Pandemic

The recent outbreak of the novel strain of coronavirus called COVID-19 has and continues to impact the operations of federal, state, and local governments, as these entities join in a widespread effort to slow the transmission of the virus. Health officials and experts are recommending, and some governments and officials are mandating, a variety of responses ranging from travel bans and social distancing practices, to complete shut-downs of certain services and facilities. On March 4, the Governor proclaimed a State of Emergency to make additional resources available, formalize emergency actions already underway, and help the State prepare for broader spread of COVID-19.

This situation, and the guidance from federal, State, and local officials in response to the outbreak, is rapidly developing, and although the Bonds are payable solely from *ad valorem* property taxes and not payable from the general fund of the District, the District cannot predict what future impacts the outbreak may have on its operations and budget. The District cannot predict costs associated with a potential infectious disease outbreak such as operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease, or costs to hire substitute certificated or classified employees. The District also cannot predict what impact the coronavirus outbreak, or responses by federal, State or local governments thereto, might have on the District's ADA, which is chief among the factors that determine the amount of funding the District receives from the State for operational costs. See "DISTRICT FINANCIAL MATTERS - State Funding of Education" herein. Under existing law, in the event the District experiences ADA loss, the District may apply for a State waiver, known as a J-13A waiver, to minimize the fiscal impact of ADA loss due to emergency, however no representation can be made that such an application would be granted. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

Notwithstanding the impacts the coronavirus outbreak may have on the global and national economy, the economy in the State in the District, or on the District's revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District.

On March 13, 2020, the Governor issued Executive Order N-26-20, providing that school districts that initiate a school closure to address COVID-19 shall continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. Executive Order N-26-20 also provides that statutory mandated maintenance of schools for a minimum of 175 days is waived for school districts that initiate a school closure to address COVID-19.

On March 16, 2020, and at the request of the Governor, the California Legislature presented two bills to the Governor for his signature addressing economic impacts to public school districts resulting from the outbreak, including school closures implemented by school districts in order to slow the spread of the outbreak. On March 17, 2020, both bills, Senate Bill 89 (“SB 89”) and Senate Bill 117 (“SB 117”) were signed by the Governor. Each bill takes effect immediately.

SB 89 amends the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to the Governor’s March 4 Emergency Proclamation. The second bill, SB 117 addresses economic impacts to school districts directly. Among other things, SB 117 provides that, for all school districts that comply with Executive Order N-26-20, attendance during only full school months from July 1, 2019, to February 29, 2020, inclusive, will be reported for apportionment purposes. SB 117 will also hold harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak. SB 117 will also hold harmless grantees operating After School Education and Safety Programs that are prevented from operating such programs due to COVID-19, and credit such Program grantees with the ADA that the grantee would have received had it been able to operate but for COVID-19.

On March 13, 2020, in its own response to COVID-19, and out of concern for the health and safety of its students, staff, and community, the District’s Board made the decision to join neighboring school districts and close all District school campuses including preschool and afterschool programs, beginning March 17, 2020. Such school closures are currently expected to continue through the remainder of the academic year. The District has implemented a distance learning plan, including issuing Chromebooks to all students, along with school supplies. In addition to being issued Chromebooks, all students will engage in instruction online.

On March 16, 2020, the Governor remarked that residents in the State should prepare for most schools to be closed for the remainder of the 2019-20 school year. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential services and activity.

Employment

As of October 1, 2019, the District employed 265.25 FTE (full-time equivalent employees), consisting of 136.5 certificated employees, 94 classified non-management employees, and 34.75 management or confidential employees. For the fiscal year ended June 30, 2019, the total certificated and classified payrolls were approximately \$12.9 million and \$4.9 million, respectively. For Fiscal Year 2019-20, the District has budgeted, pursuant to its Second Interim Report, approximately \$13.1 million and \$3.9 million for certificated and classified payrolls, respectively. District employees, other than management, confidential, and certain part-time employees, are represented by employee bargaining units as follows:

TABLE No. A-1
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Employee Bargaining Units and Current Collective Bargaining Agreements

Name of Bargaining Unit	Number of Employees Represented	Current Contract Expiration Date ⁽¹⁾
Fowler Teachers Association	136.5 FTE	June 2021
California School Employees’ Association	94 FTE	June 2021

⁽¹⁾ By law, each contract is in effect until a new contract is approved.

Source: *Fowler Unified School District*.

Retirement Benefits

The information set forth below regarding the CalSTRS and CalPERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

The District participates in retirement plans with the State Teachers' Retirement System ("CalSTRS"), which covers all full-time District faculty members, and the State Public Employees' Retirement System ("CalPERS"), which covers classified employees. Classified District personnel who are employed more than half of full-time service may participate in CalPERS.

Each of CalSTRS and CalPERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of CalSTRS and CalPERS as follows: (i) CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) CalPERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of CalSTRS and CalPERS maintains a website, as follows: (i) CalSTRS: www.calstrs.com; (ii) CalPERS: www.calpers.ca.gov. The information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

District Contributions. The following table sets forth the District's total contributions to CalSTRS and CalPERS for fiscal years 2015-16 through 2018-19, the District's budgeted/projected contributions for fiscal year 2019-20, and the percentage of the District's total general fund expenditures represented by such aggregated contributions. For more information regarding the District's retirement benefits obligations, see APPENDIX C – "ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019, Note M. PENSION PLANS" herein.

TABLE No. A-2
FOWLER UNIFIED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS and CalPERS
Fiscal Years 2015-16 through 2019-20

Fiscal Year	District CalSTRS Contributions ⁽¹⁾	District CalPERS Contributions ⁽¹⁾	District Contribution (CalSTRS and CalPERS Combined) as Percentage of Total General Fund Expenditures
2015-16	\$1,162,367	\$ 342,681	5.96%
2016-17	1,415,435	432,521	6.53%
2017-18	1,712,855	522,812	7.63%
2018-19	2,018,570	643,768	8.14%
2019-20 ⁽²⁾	2,217,945	833,571	9.74%

⁽¹⁾ Reflects data for all District funds, including the District's general fund. Does not include on-behalf payments from the State.

⁽²⁾ Projected.

Source: The District's Audit Reports for fiscal years 2015-16 through 2018-19; the District's 2019-20 Budget.

CalSTRS. All full-time certificated employees, as well as certain classified employees, are members of CalSTRS. CalSTRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "CalSTRS Defined Benefit Program"). The CalSTRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, CalSTRS contribution rates did not vary annually to make up funding shortfalls or assess credits for actuarial surpluses, although the State did, and 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 part of the 2014-15 State Budget, the then-Governor signed Assembly Bill 1469 (“AB 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 then 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 8.00% 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. On July 1, 2018, however, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay, and remains at that level for the 2019-20 fiscal year. The State’s total contribution also increased from approximately 3% in Fiscal Year 2013-14 to 7.828% of payroll in Fiscal Year 2019-20, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 10.328%. In addition, AB 1469 provided the State Teachers Retirement Board (the “STRS 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 actuarial obligation with respect to service credited to members before July 1, 2014, by June 30, 2046. The STRS Board also has authority to reduce employer and State contributions if they are no longer necessary. CalSTRS currently expects that its board will exercise its authority to increase the State contribution rate by the maximum of 0.5% for the three years following the 2019-20 fiscal year.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter, the STRS Board is required to increase or decrease the K-14 school districts’ contribution rate to reflect the contribution required to eliminate the remaining unfunded liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members’ contributions to CalSTRS are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the CalSTRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the unfunded liability.

On June 27, 2019, the Governor signed SB 90 (“SB 90”) into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for CalSTRS to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21. The remainder of the payment not committed for the reduction in employer contribution rates described above, is required to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary.

Pursuant to AB 1469, increases in school districts’ contribution rates were phased-in over a seven year period starting July 1, 2014, through July 1, 2020. Starting in 2021-22, the funding plan provides the CalSTRS Board limited authority to adjust the employer contribution rate, if necessary, to fully fund the remaining unfunded liability by 2046. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. The phased-in rate increases are reflected in the following schedule:

TABLE No. A-3
K-14 SCHOOL DISTRICT CONTRIBUTION RATES
CalSTRS (Defined Benefit Program)

Effective Date	Projected Employer Contribution Rate ⁽¹⁾
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	17.10 ⁽²⁾
July 1, 2020	18.40 ⁽²⁾

⁽¹⁾ Expressed as a percentage of covered payroll.

⁽²⁾ The 2019-20 State Budget provided supplemental payments to CalSTRS to reduce the unfunded actuarial obligation of the system and reduce contribution rates for employers and the State. Based on the additional amounts paid to CalSTRS, the employer contribution rate has been adjusted from 18.13% to 17.10% for fiscal year 2019-20 and from 19.10% to 18.40% for fiscal year 2020-21.

Source: AB 1469, and the 2019-20 State Budget.

The District's total employer contributions to CalSTRS for fiscal years 2015-16 through 2018-19 were equal to 100% of the required contributions for each year (see Table No.A-2 above). Due to the expected increase in employer contribution rates under 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.

CalPERS. The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws.

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. However, unlike school districts' participating in CalSTRS, 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 its required contributions to CalPERS in future years will not significantly vary from any current projected levels.

Active plan members hired before January 1, 2013 are required to contribute 7.0 % of their salary, members hired after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in Fiscal Years 2015-16 and 2016-17, 6.50% in Fiscal Year 2017-18 and 7.00% in Fiscal Year 2018-19. (See discussion of rates in *California Public Employees' Pension Reform Act of 2013* below.) The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration (the "CalPERS Board").

School districts are required to contribute to CalPERS at an actuarially determined rate, which was 13.888%, 15.531%, and 18.062% of eligible salary expenditures for Fiscal Years 2016-17, 2017-18, and 2018-19 respectively, and 19.721% of eligible salary expenditures for Fiscal Year 2019-20.

On April 17, 2013, the CalPERS Board approved new actuarial policies aimed at returning CalPERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The CalPERS Board delayed the implementation of the new policies until Fiscal Year 2015-16 for the State, schools and all other public agencies. In December 2016, the CalPERS Board 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 in Fiscal Year 2019-20. The new discount rate for the State went into effect beginning July 1, 2017, and the new discount rate for school districts went into effect July 1, 2018. With regard to districts that contract with CalPERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The cost of the revised assumptions shall be amortized over a 20 year period and related increases in public agency contribution rates shall be affected over a three year period, beginning in Fiscal Year 2014-15. The new demographic assumptions affect the State, school districts and all other public agencies.

The CalPERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the CalPERS Board approved new actuarial assumptions, including (i) lowering the inflation assumption rate from 2.75% to 2.625% for the June 30, 2019 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2019 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, (iii) and certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the CalPERS Board approved modifying the CalPERS amortization policy for investment gains/losses from 30 years to 20 years, requiring that the amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, and eliminating the 5-year ramp-up/ramp-down policy for all gains/losses except for the ramp-up policy for investment gains/losses. Such policy changes will be reflected in actuarial valuations beginning June 30, 2019, and will be implemented starting with Fiscal Year 2021-22 contributions. Such policy applies only to prospective accumulation of amortization and will not affect current accrued unfunded liabilities, with the exception that, with regards to the CalPERS Schools Pool Actuarial Valuation, the impact of the discount rate change from 7.25% to 7.00% in the June 30, 2019 valuation will be amortized under the old policy. Shortening the amortization period will increase employer contributions and help pay down the pension fund's unfunded liability faster, which may result in interest cost savings.

On April 16, 2019, the CalPERS Board established the employer contribution rates for fiscal year 2019-20 and released certain information from the CalPERS Schools Pool Actuarial Valuation as of June 30, 2019, ahead of its summer 2019 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 employer contribution for fiscal year 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District's contributions to CalPERS for fiscal years 2015-16 through 2018-19 equaled 100% of the required contributions for each year (see Table No. A-2 above). 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 PEPR (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.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 ("PEPRA") into law on September 12, 2012. PEPRA 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, PEPRA changes the normal retirement age, increasing the eligibility for the 2% "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, PEPRA changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

PEPRA 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, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB 67 and 68. In June 2012, GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("Statement Number 67"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("Statement Number 68"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current 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 Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (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. Statement Number 67 took effect for fiscal years beginning after June 15, 2013, and Statement Number 68 took effect for fiscal years beginning after June 15, 2014.

As of June 30, 2019, the District's proportionate share of net CalSTRS pension liability was \$20,490,991, and the District's proportionate share of net CalPERS pension liability was \$6,762,002. The District's proportionate share of net pension liability for each plan is based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. For further information regarding the District's net pension liability, see APPENDIX C—"ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 - Note M. Pension Plans."

Other Post-Employment Benefits

In addition to the retirement plan benefits with CalSTRS and CalPERS discussed above, the District provides certain post-retirement healthcare benefits ("OPEB"), in accordance with District employment contracts. The District's Other Post

Employment Benefits Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental, and vision insurance benefits to eligible retirees. As of June 30, 2019, membership in the Plan consisted of 10 retirees currently receiving benefits and 196 participating active employees.

The Plan benefits, and the contribution requirements of plan members and the District, are established by labor agreements and may be amended by the District and the employee labor groups. The benefit payment is based on projected pay-as-you-go financing requirements, as determined annually through the labor agreements. For Fiscal Year 2018-19, the District recognized OPEB expense of \$511,861.

Beginning in fiscal year 2017-18, the District was required to implement GASB Statement Number 75, which replaced GASB Statement Number 45 as the accounting standard for OPEB plans. On April 2, 2019, Total Compensation Systems, Inc., completed an evaluation of the District’s obligations as of a June 30, 2017 valuation date, in accordance with GASB Statement Number 75. The District has set aside funds to cover these liabilities in a trust, known as a GASB 75 Trust.

OPEB Liability. The District’s total OPEB liability was \$5,303,601, measured as of June 30, 2018, using an actuarial valuation of June 30, 2017, rolled forward to June 30, 2019, using standard update procedures.

The following table illustrates the District’s OPEB liability as shown in the District’s audited financial statements as of June 30, 2019:

TABLE No. A-4
FOWLER UNIFIED SCHOOL DISTRICT
Changes in the Total and Net OPEB Liability

Total OPEB Liability as of July 1, 2018	\$4,871,277
Service Cost	340,540
Interest	305,937
Benefit Payments	(214,153)
Net Changes in Total OPEB Liability	\$ 432,324
Total OPEB Liability as of June 30, 2019	\$5,303,601
Plan Fiduciary Net Position as of July 1, 2018	\$2,110,107
District Contributions	214,153
Expected Investment Income	130,653
Investment Gains/Losses	47,839
Benefit Payments	(214,153)
Administrative Expenses	(5,605)
Net Change in Plan Fiduciary Net Position	\$ 172,887
Plan Fiduciary Net Position as of June 30, 2019	\$2,282,994
Plan Net OPEB Liability	
(Total OPEB Liability less Plan Fiduciary Net Position)	\$3,020,607

Source: District Annual Financial Report for fiscal year 2018-19.

For a description of the District’s actuarial methods and assumptions, see APPENDIX C –“ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019 - Note N. Post-Employment Benefits Other than Pension Benefits” herein.

Public Entity Risk Pools and Joint Powers Authorities

The District participates in joint ventures under joint powers agreements with the Organization of Self-Insured Schools (“OSS”), the Fresno Area Self-Insured Benefits Organization dba the EdCare Group (“FASBO”), and the Fresno County Self-Insurance Group (“FCSIG”). The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

Organization of Self-Insured School (OSS). OSS arranges for and provides property and liability insurance for its member districts. OSS is governed by a governing board consisting of a representative from each member district. The board controls the operations of OSS, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in OSS. As part of the District’s property and liability coverage, OSS insures the District against cyber security and privacy threats in the amount of \$5,000,000.

Fresno Area Self-Insured Benefits Organization dba The EdCare Group (FASBO). FASBO arranges for and provides medical, prescription, dental, and vision insurance for its member districts. FASBO is governed by a governing board consisting of a representative from each member district. The board controls the operations of FASBO, including the selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in FASBO.

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

DISTRICT FINANCIAL MATTERS

State Funding of Education

The following information concerning the State’s funding of education and the State budget process has been compiled from publicly-available information provided by the State. Neither the District, the Financial Advisor, nor the Underwriter is responsible for the information relating to the State’s budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer’s Office.

Revenue Limit Funding. Prior to fiscal year 2013-14, school districts operated under general purpose revenue limits established by the California Department of Education. In general, revenue limits were calculated for each school district by multiplying the average daily attendance (“ADA”) for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments (“COLAs”) and to equalize revenues among school districts of the same type. Funding of a school district’s revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts are funded based on uniform funding grants assigned to certain grade spans.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) (“A.B. 97”), enacted as part of the 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. Certain provisions of A.B. 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) (“S.B. 91”).

The primary component of A.B. 97 is the implementation of the Local Control Funding Formula (“LCFF”). Beginning in fiscal year 2013-14, the bulk of funding for school districts is being provided on the basis of target base funding grants per unit of ADA (each, a “Base Grant”) assigned to each of four grade spans. Each Base Grant is subject to certain adjustments, as further described herein. According to a report published by the State Legislative Analyst’s Office, the State general fund cost of fully implementing the LCFF in fiscal year 2013-14 would have been approximately \$18 billion more than what was spent on education in the prior fiscal year (assuming current levels of property tax revenue, ADA and enrollment). Given this cost, the LCFF was projected to be implemented over a span of eight fiscal years, during which time school districts would receive annual funding increases based on the gap between their respective prior-year funding level and the target LCFF allocation following full implementation. In each year, each school district was expected to see the same proportion of their funding gap closed, with dollar amounts varying depending on the size of district’s funding gap. The State cost to fund the LCFF in each fiscal year fluctuated depending on a number of factors, including the provision of COLAs, fluctuations in ADA and student demographics, and growth in property tax revenues. The LCFF achieved full implementation ahead of schedule in fiscal year 2018-19.

The specific Base Grants, per unit of ADA for fiscal year 2019-20, are as follows: (a) a Target Base Grant for each LEA equivalent to \$8,503 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; (d) a Target Base Grant for each LEA equivalent to \$9,572 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. The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and support college and career readiness programs in high schools.

School districts that serve students of limited English proficiency (“EL” students), students from low income families that are eligible for free or reduced priced meals (“LI” students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. A.B. 97 authorizes a supplemental grant add-on (each, a “Supplemental Grant”) for school districts that serve EL/LI students, equal to 20% of the applicable adjusted Base Grant multiplied by such districts’ percentage of unduplicated EL/LI student enrollment. In addition, school districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a “Concentration Grant”) equal to 50% of the applicable adjusted Base Grant multiplied the percentage of such district’s unduplicated EL/LI student enrollment in excess of the 55% threshold.

For certain school districts that would have received greater funding levels under the prior revenue limit system, A.B. 97 provides for a permanent economic recovery target (“ERT”) add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, A.B. 97 assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the eight-year implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district’s adjusted Base, Supplemental and Concentration Grants will be multiplied by such district’s P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district’s total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district’s share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as “basic aid” districts, have allocable local property tax collections that equal or exceed such districts’ total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts

receive only special categorical funding, which is deemed to satisfy the “basic aid” requirement of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District is not a basic aid school district and formerly was a revenue limit district.

Accountability. The SBE has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans (“LCAPs”) disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by A.B. 97. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The SBE has adopted a template LCAP for use by school districts.

Support and Intervention. A.B. 97 establishes a new system of support and intervention to assist school districts to meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district’s LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district’s LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (a) the LCAP or annual update adheres to the SBE template, and (b) the district’s budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district’s strengths and weaknesses in the eight State priorities, or the assignment of an academic expert to assist the district to identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by A.B. 97 and charged with assisting school districts to achieve the goals set forth in their LCAPs. In late 2015, the SBE developed rubrics to assess school district performance and the need for support and intervention.

A.B. 97 also authorizes the State Superintendent of Public Instruction (the “State Superintendent”), with the approval of the SBE, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (a) modify a district’s LCAP, (b) impose budget revisions designed to improve student outcomes, and (c) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized under A.B. 97 to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and

funding for these programs was folded into the LCFF. Categorical funding for 14 programs was excluded from the LCFF—including, among others, child nutrition, after school education and safety, special education, and State preschool—and school districts will continue to receive restricted State revenues to fund these programs.

Enrollment

The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2014-15 through 2019-20 (ADA rounded to nearest whole number).

TABLE No. A-5
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
ADA ⁽¹⁾⁽²⁾ and Enrollment by Grade Span
Fiscal Years 2014-15 through 2019-20

Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment ⁽²⁾	% of EL/LI Enrollment ⁽³⁾
2014-15	719	566	367	719	2,370	2,477	76.79
2015-16	738	551	379	753	2,419	2,530	77.76
2016-17	731	580	409	750	2,467	2,562	76.58
2017-18	724	585	423	764	2,496	2,609	77.08
2018-19	721	573	406	787	2,487	2,608	78.53
2019-20 ⁽⁴⁾	697	554	434	794	2,479	2,589	76.21

⁽¹⁾ Except for 2019-20, reflects the P-2 reporting period.

⁽²⁾ Excludes county instructed, adult education and regional occupational program students.

⁽³⁾ For purposes of calculating Supplemental and Concentration Grants, for fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district’s percentage of unduplicated EL/LI students will be based on a rolling average of such district’s EL/LI enrollment for the then current fiscal year and the two immediately preceding fiscal years.

⁽⁴⁾ Projected.

Source: Fowler Unified School District.

The District’s P-2 ADA, which is the primary determinant of state funding through the LCFF, has remained relatively stable in the past three years. Enrollment in the District increased by approximately 5.3% between 2014-15 and 2018-19, and is expected to remain stable over at least the next two years.

Revenue Sources

Major revenue sources of the District are described below.

LCFF Sources. State funding, under the LCFF, consists of base grants and supplemental grants, and, prior to implementation of the LCFF, the District received State apportionment of basic and equalization aid in an amount equal to the difference between the District’s revenue limit and its property tax revenues.

For fiscal year 2016-17, the District received \$23,962,314 from the LCFF, comprising approximately 81.29% of its general fund revenues. For fiscal year 2017-18, the District received \$24,824,582 from the LCFF or 81.46% of its general fund revenues. For fiscal year 2018-19, the District received \$26,841,786 from the LCFF or approximately 80.11% of its general fund revenues. For fiscal year 2019-20, the District has budgeted, pursuant to its Second Interim Report, \$27,713,649 from the LCFF, comprising approximately 84.55% of its general fund revenues.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Education Consolidation and Improvement Act, specialized programs such as Drug Free Schools, and other specialized programs. Most of the federal revenues received by the District are restricted. For fiscal year 2016-17, the District received \$1,441,733 from federal revenues, comprising approximately 4.89% of general fund total revenues. For fiscal year 2017-18, the District received \$1,488,462 from federal revenues, comprising approximately 4.88% of general fund total revenues. For fiscal year 2018-19, the District received \$1,571,220 from federal revenues, comprising approximately 4.69% of general fund total revenues. For fiscal year 2019-20, the District has budgeted, pursuant to its Second Interim Report, \$1,319,043 from federal revenues, comprising approximately 4.02% of its general fund revenues.

Other State Revenues. In addition to the LCFF, the District receives other State revenues. These other State revenues are primarily restricted revenues funding items such as special education. For fiscal year 2016-17, the District received \$2,150,442 from other State revenues, comprising approximately 7.30% of general fund total revenues. For fiscal year 2017-18, the District received \$2,192,312 from other State revenues, comprising approximately 7.20% of general fund total revenues. For fiscal year 2018-19, the District received \$3,377,838 from other State revenues, comprising 10.08% of general fund total revenues. For fiscal year 2019-20, the District has budgeted, pursuant to its Second Interim Report, \$2,198,181 from other State revenues, comprising approximately 6.71% of its general fund revenues.

As a component of other State revenues received by the District, the District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material. For fiscal year 2019-20, the District has budgeted, pursuant to its Second Interim Report, receipt of \$503,000 in Lottery money.

Other Local Revenues. In addition to property taxes, the District receives other local revenues from items such as interest earnings, interagency services, and other local sources. For fiscal year 2016-17, the District received \$1,922,294 from other local revenues, comprising approximately 6.52% of general fund total revenues. For fiscal year 2017-18, the District received \$1,967,762 from other local revenues, comprising approximately 6.46% of general fund total revenues. For fiscal year 2018-19, the District received \$1,715,210 from other local revenues, comprising approximately 5.12% of general fund total revenues. For fiscal year 2019-20, the District has budgeted, pursuant to its Second Interim Report, \$1,545,901 from other local revenues, comprising approximately 4.72% of its general fund revenues.

Audited Financial Statements

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note A to the District's audited financial report for the fiscal year ended June 30, 2019, which are included as APPENDIX C.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following table contains data abstracted from annual financial reports prepared by the District's independent auditor, Borchardt, Corona, Faeth & Zakarian, Certified Public Accountants, Fresno, California.

The District's auditor has not been requested to consent to the use or to the inclusion of its report in this Official Statement, and it has not audited or reviewed this Official Statement. The District is required by law to review its audited financial report after a public meeting to be conducted no later than January 31 following the close of each fiscal year. For the fiscal year 2018-19, the District received extensions, under which it must have completed its audited financial report by

no later than February 15, 2020. On February 26, 2020, the District's Board of Education adopted the audited financial report for the fiscal year ended June 30, 2019.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2016-17 through 2018-19.

TABLE NO. A-6
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2016-17 through 2018-19

	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES*			
LCFF sources	\$23,962,314	\$24,824,582	\$26,841,786
Federal sources	1,441,733	1,488,462	1,571,220
Other State sources	2,150,442	2,193,312	3,377,838
Other local sources	1,922,294	1,967,762	1,715,210
Total Revenues	\$29,476,783	\$30,474,118	\$33,506,054
EXPENDITURES			
Certificated Salaries	\$11,610,104	\$12,356,625	\$12,896,369
Classified Salaries	3,482,053	3,608,334	4,086,556
Employee Benefits	6,043,516	6,820,516	8,443,447
Books and Supplies	2,342,706	2,752,251	2,776,500
Services and Operating Expenses	3,213,393	3,130,113	3,995,308
Other Outgo	1,328,912	128,370	164,513
Capital Outlay	287,324	506,006	354,432
Total Expenditures	\$28,308,008	\$29,302,215	\$32,717,125
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,168,775	\$ 1,171,903	\$ 788,929
Other Financing Sources (Uses)			
Transfers in	--	--	--
Transfers out	--	\$(1,046,244)	\$ (685,812)
Net Financing Sources (Uses)	--	\$(1,046,244)	\$ (685,812)
NET CHANGE IN FUND BALANCES	\$ 1,168,775	\$ 125,659	\$ 103,117
Fund Balances, July 1, beginning	\$ 3,975,252	\$ 5,144,027	\$ 5,269,686
Fund Balances, June 30, ending	\$ 5,144,027	\$ 5,269,686	\$ 5,372,803

* Restricted and Unrestricted General Fund Revenues.

Source: Fowler Unified School District Audited Financial Reports for fiscal years 2016-17 through 2018-19.

District Budget Process and County Review

The District is required by State law to adopt a final budget by July 1 in each year. The 2019-20 original budget was adopted by the District on June 12, 2019, and is subject to future adjustment by the District during the 2019-20 fiscal year. Throughout the fiscal year, all revenues and appropriations are subject to review and since the budget must remain in balance, any shortfall in revenues could require a reduction in appropriations.

The District is under the jurisdiction of the County of Fresno Superintendent of Schools (the "County Superintendent"). The County Superintendent is independent from, and is not an officer of, the County. A county superintendent must review and approve, conditionally approve or disapprove a school district's 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. If the budget is disapproved, it is returned to the district with recommendations for revision. The district is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the county superintendent no later than October 8. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval. By December 31 of each year, every school district must have an adopted budget, or the county superintendent 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, a 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 State Superintendent, and the president of the State Board of Education (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 State Superintendent 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 State Superintendent and the president of the State Board of Education 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.

Reports and Certifications. 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 Education Code (Section 42100 et seq.), each school district is required to file two interim certifications, known as the "First Interim Report" and "Second Interim Report," 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 State Superintendent and the president of the State Board of Education 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 State Superintendent 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.

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The following table sets forth a summary of the District's estimated and budgeted general fund revenues and expenditures for fiscal year 2019-20 per its Second Interim Report.

TABLE A-7
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Fund Budget for Fiscal Year 2019-20

	2019-20 Original Adopted Budget	2019-20 Second Interim Report
REVENUES*		
LCFF Sources	\$27,648,666	\$27,713,649
Federal Revenue	1,586,628	1,319,043
Other State Revenue	2,089,078	2,198,181
Other Local Revenue	1,383,230	1,545,901
TOTAL REVENUES¹	\$32,707,602	\$32,776,774
EXPENDITURES*		
Certificated Salaries	\$13,310,014	\$13,146,183
Classified Salaries	4,189,525	3,944,524
Employee Benefits	8,236,445	8,414,489
Books and Supplies	2,937,720	1,993,922
Services, Other Operating Expenses	3,824,840	3,507,230
Capital Outlay	86,500	117,730
Other Outgo (Excl. Trf. of Indirect Costs)	147,606	287,805
Other Outgo (Transfers of Indirect Costs)	0	(77,500)
TOTAL EXPENDITURES¹	\$32,732,650	\$31,334,383
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (25,048)	\$ 1,442,391
OTHER FINANCING SOURCES (USES)		
Transfers In	0	0
Transfers Out	0	0
Contributions	0	0
TOTAL, OTHER FINANCING SOURCES (USES)¹	0	0
NET CHANGE IN FUND BALANCES	\$ (25,048)	\$ 1,442,391
FUND BALANCE BEGINNING	\$ 5,561,124	\$ 5,300,361 ⁽²⁾
FUND BALANCE ENDING	\$ 5,536,076	\$ 6,742,753

⁽¹⁾ Totals may not sum due to rounding.

⁽²⁾ Budget report beginning general fund balance may not match prior year audited ending fund balance due to fund reclassification under GASB 54.

* Restricted and Unrestricted General Fund Revenues and expenditures.

Source: Fowler Unified School District adopted General Fund Budget and Second Interim Report for fiscal year ending 2019-20.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District’s long-term obligations for the year ended June 30, 2019, consisted of the following:

TABLE No. A-8
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
Summary of Long-Term Debt
for Fiscal Year 2018-19

Long-Term Debt	Beginning Balance July 1, 2018	Increases	Decreases	Ending Balance June 30, 2019	Amounts Due Within One Year
General Obligation Bonds	\$30,547,746	--	\$1,457,305	\$29,090,441	\$1,654,299
Bond Premium	754,412	--	26,014	728,398	26,014
Accrued Interest on CABs	5,321,712	\$755,806	--	6,077,518	--
Compensated Absences	422,871	5,821	--	428,692	82,923
Total	\$37,046,741	\$761,627	\$1,483,319	\$36,325,049	\$1,763,236

Source: Fowler Unified School District.

General Obligation Bonds. In addition to the Bonds discussed herein, the District has additional outstanding general obligation bonds, all of which are secured by *ad valorem* taxes levied upon all property subject to taxation by the District. For a detailed summary of the District’s outstanding general obligation bonds, including annual debt service requirements for the Bonds and the District’s outstanding general obligation bonds, see “THE BONDS – Other General Obligation Bonds” and “–Aggregate Debt Service” in the front portion of this Official Statement.

STATE BUDGET

The following information concerning the State’s budget has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and have not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

The State Budget Process. According to the State Constitution, the Governor of the State (the “Governor”) must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State’s voters on November 2, 2010 as “Proposition 25”, a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. As discussed below, the Governor signed the 2019-20 State Budget (“2019-20 State Budget”) into law on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each 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

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. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

The following information concerning State's budgets has been obtained from the State Department of Finance. The District believes the information to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of (or accrued value as applicable) or interest on the Bonds is necessarily payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied and collected by the County on all property subject to taxation by the District.

2019-20 State Budget. On June 27, 2019, the Governor signed into law the State budget for fiscal year 2019-20 (the "2019-20 State Budget"). The following information is drawn from the State Department of Finance's summary which is believed to be reliable, but not guaranteed by the District as to accuracy or completeness.

For fiscal year 2019-20, the 2019-20 State Budget authorizes \$214.8 billion in total spending, including \$147.8 billion from the State general fund. The 2019-20 State Budget projects that the State will end the current fiscal year with total reserves of \$19.2 billion, including \$1.4 billion in the traditional general fund reserve, \$16.5 billion in the BSA, \$900 million in the Safety Net Reserve and \$400 million in the PSSSA.

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. With respect to education funding, 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 includes a \$1.4 billion reserve in the Special Fund for Economic Uncertainties.

Features of the 2019-20 State Budget with respect to adjustments for K-12 education include the following:

- *Local Control Funding Formula.* The 2019-20 State Budget provides \$1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% COLA to the adjusted Base Grants the prior year.
- *Special Education.* Noting a need for support from county office of education, the 2019-20 State Budget provides \$152.6 million to provide all Special Education Local Plan Areas (SELPAs) with at least the statewide target rate for base special education funding (approximately \$557 per ADA), and also includes \$492.7 million for special education allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving. The 2019-20 State Budget further conditions these increases upon the adoption of special education funding formula and special education accountability system reforms as part of the 2020 Budget Act.
- *CalSTRS and CalPERS Employer Contribution Rates.* In anticipation of a need for relief for employers in order to meet expected increases from 18.1 percent in 2018-19 to 23.6 percent by 2020-21, the 2019-20 State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on their behalf to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million will buy down the employer contribution rates in 2019-20 and 2020-21. With these payments, the CalSTRS employer contribution rate will decrease from 18.13 percent to 17.1 percent in 2019-20 and from 19.1 percent to 18.4 percent in 2020-21. The payments will decrease the CalPERS Schools Pool employer contribution rate from 20.7 percent to 19.7 percent in 2019-20 and from 23.6 percent to 22.9

percent in 2020-21. The remaining \$2.3 billion will be paid toward the employers' long-term unfunded liability for both systems.

- *After School Programs.* The 2019-20 State Budget includes \$50 million in ongoing Proposition 98 General Fund to provide an increase of approximately 8.3 percent to the per-pupil daily rate for ASES (increasing this rate from \$8.19 to \$8.87 per day).
- *Longitudinal Data System.* The 2019-20 State Budget provides \$10 million in one-time non-Proposition 98 General Fund to plan for and develop a longitudinal data system, intended to connect information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies.
- *Retaining And Supporting Well-Prepared Educators.* The 2019-20 State Budget provides \$89.8 million in one-time non-Proposition 98 General Fund 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, and also provides an additional \$43.8 million in one-time non-Proposition 98 General Fund to provide training and resources for classroom educators, including teachers and paraprofessionals. Finally, the Budget includes \$13.8 million in ongoing federal funds to establish the 21st Century California Leadership Academy.
- *Computer Science.* The 2019-20 State Budget provides \$7.5 million in one-time non-Proposition 98 General Fund for broadband infrastructure and \$1 million in one-time non-Proposition 98 General Fund, available over four years, to the Department of Education to establish a state Computer Science Coordinator.
- *Charter Schools.* The 2019-20 State Budget includes accountability proposals to better align the governance, transparency, and accountability requirements of school districts and charter schools.
- *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, and includes an additional \$1.2 million in ongoing Proposition 51 bond funds and State School Site Utilization Funds, and 10 positions for the Office of Public School Construction to support the increased processing of applications and program workload.
- *Full-Day Kindergarten.* The 2019-20 State Budget includes \$300 million in one-time non-Proposition 98 General Fund to construct new or retrofit existing facilities to support full-day kindergarten programs
- *Proposition 98 Settle-Up.* An increase of \$686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through 2017-18.
- *Classified School Employees Summer Assistance Program.* An increase of \$36 million one-time Proposition 98 General Fund to provide an additional year of funding for this program, which provides a state match for classified employee savings used to provide income during summer months.
- *Wildfire-Related Cost Adjustments.* An increase of \$2 million one-time Proposition 98 General Fund to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, an increase of \$727,000 one-time Proposition 98 General Fund to reflect adjustments to the state's student nutrition programs resulting from wildfire-related losses. Further, the Budget holds both school districts and charter schools impacted by the 2018 wildfires harmless for state funding for two years.

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

On March 17, 2020, the Governor signed SB 89, which takes effect immediately and amends the 2019-20 State Budget. See “APPENDIX A – INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – Impact to District Operations and Budget Due to Coronavirus Pandemic” for further discussion regarding SB 89.

For additional information regarding the 2019-20 State Budget, see the State Department of Finance website at www.dof.ca.gov. The District takes 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.

Governor’s Proposed 2020-2021 Budget. On January 10, 2020, the Governor presented the proposed State budget for fiscal year 2020-21 (the “2020-21 Proposed State Budget”). The following information is drawn from publicly-available documentation published by the State, which is believed by the District to be reliable. The District does not guarantee the information with respect to accuracy or completeness.

The 2020-21 Proposed State Budget is projecting \$151.6 billion in general fund revenues and \$153 billion in total spending. The 2020-21 Proposed State Budget estimates the State will end 2020-21 fiscal year with \$20.5 billion in total reserves, including \$18 billion in the Budget Stabilization Account (“rainy day fund”), \$900 million in the Safety Net Reserve, and \$1.6 billion in the Special Fund for Economic Uncertainties.

With respect to education funding, the 2020-21 Proposed State Budget contains \$3.3 billion in new Proposition 98 funding, which is comprised of \$1.4 billion for ongoing purposes and \$1.9 billion for one-time initiatives. Proposition 98 funding for K-12 is projected to total \$74.3 billion, inclusive of both general fund and local property tax funding.

Significant features of the 2020-21 Proposed State Budget with respect to adjustments for K-12 education include the following:

- *Local Control Funding Formula.* The 2020-21 Proposed State Budget estimates \$64.2 billion in K-12 funding, reflecting a 2% growth over the 2019-20 fiscal year. Augmentation to the LCFF includes an additional \$1.2 billion in Proposition 98 funding over the prior year from a 2.29% COLA adjustment, an increase of roughly \$900 million for special education, \$300 million for expanding support services for schools in need, and \$70 million for the improvement of school meal programs.
- *Proposition 98 Funding.* The proposal includes approximately \$3 billion in increased Proposition 98 funding compared to the 2019-20 fiscal year.
- *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.
- *Pension Contributions.* The 2020-21 Proposed State Budget includes a \$3.15 billion non-Proposition 98 General Fund payment on behalf of educational agencies to CalSTRS and the CalPERS Schools Pool. Of this amount, an estimated \$850 million would buy down the employer contribution rates in 2019-20 and 2020-21 and the remaining \$2.3 billion is being paid toward long-term unfunded liabilities.
- *Proposition 98 Settle-up.* An increase in \$819 million in settle-up payments for prior fiscal years.
- *Per-Pupil Funding.* The 2020-21 Proposed State Budget estimates a 4.1 percent growth in per-student funding over the 2019-20 fiscal year.

The final fiscal year 2020-21 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2020-21 State budget from the 2020-21 State Budget Proposal or the May Revision. Additionally, the District cannot predict the impact that the final fiscal year 2020-21 State Budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2020-21 State Budget may be affected by national and State economic conditions and other factors which the District cannot predict.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the Financial Advisor or the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict 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 over which the District will have no control. Certain actions or

results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County on all property subject to taxation by the District within the boundaries of the District for the payment thereof as described herein, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of Bonds was approved by the voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A of the State Constitution ("Article XIII A") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front part of this Official Statement.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district, or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978; or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978; or (c) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. 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 relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

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

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

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

State-Assessed Utility Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL MATTERS - State Funding of Education” herein.

Article XIII B of the California Constitution

Article XIII B of the State Constitution (“Article XIII B”), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

(a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year; and

(b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance (“ADA”) of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for Fiscal Year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" herein.

Article XIII C and Article XIII D of the California Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C 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; 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property, related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D 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. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California 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.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding A.B.x1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that A.B.x1 27, a companion bill to A.B.x1 26, violated the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 1A and Proposition 22” herein. A.B.x1 27 would have permitted redevelopment agencies to continue operations provided their establishing city or county agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

A.B.x1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“A.B. 1484”), which, together with A.B.x1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to A.B.x1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

The priority among the various types of enforceable obligations is as follows: (1) the first priority for payment is tax allocation bonds issued by the former redevelopment agency; (2) second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; (3) third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; (4) fourth is tax revenues in the Trust Fund in excess of such amounts, if any, and will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory 2% pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (A.B. 1290, Chapter 942, Statutes of 1993) (“A.B. 1290”), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of A.B. 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

A.B.X1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received had the redevelopment agency existed at that time,” and that the county auditor/controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of A.B.X1 26 using current assessed values and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. A.B. 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease. The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

The District can make no representations as to the extent to which its revenue limit apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 26

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

Propositions 98 and 111

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

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budget in a different way than is proposed in the 2018-19 State Budget.

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

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

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

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

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

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

(e) *School Funding Guarantee.* There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (i) 40.9% of State general fund revenues (the "first test") or (ii) the amount appropriated in the

prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the “second test”). Under Proposition 111, schools will receive the greater of (A) the first test; (B) the second test, or (C) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools (also referred to as a “maintenance factor”) that will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District’s budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature, or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax is being levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending in the taxable year ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers).

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

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

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as “Proposition 58”).

Under Proposition 2, and beginning in Fiscal Year 2015-16 and each fiscal year thereafter, the State is generally required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98— will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with Fiscal Year 2029-30, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

Senate Bill 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 PSSSA, 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 ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the 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.

Senate Bill 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 immediate after a fiscal year in which the amount of moneys in the PSSSA 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 ADA.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at \$3 million for a new facility and \$1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and the above-described Propositions 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. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF FOWLER AND FRESNO COUNTY

The following information concerning the City of Fowler and the County of Fresno (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of (or a pledge of the full faith and credit of) the City, the County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions are liable therefor.

City of Fowler

The District is located in the City of Fowler, California, a small California community located approximately 11 miles south of downtown Fresno. The City is in the heart of California's San Joaquin Valley, which is predominantly an agriculturally based economy.

Fresno County

The County is California's fifth-largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county. Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is a melon-producing area. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches. The largest employment categories in the County include public administration, retail trade, transportation, accommodation & food services, education & health services, administrative services, agriculture, and manufacturing.

Population

The most recent estimate of the County's population at January 1, 2019 was 1,018,241 according to the State Department of Finance. The City of Fowler has estimated 2019 population of 6,605. The table below shows population estimates for the City and the County for the last five years.

POPULATION OF THE CITY OF FOWLER AND FRESNO COUNTY

Calendar Year ⁽¹⁾	City of Fowler	Fresno County
2015	6,041	976,153
2016	6,082	985,571
2017	6,362	995,922
2018	6,520	1,007,252
2019	6,605	1,018,241

⁽¹⁾ Figures as of January of the year indicated.

Source: California State Department of Finance.

Employment and Industry

The District is included in the Fresno Metropolitan Statistical Area (“MSA”). The unemployment rate in the County was 6.9% in December 2019, down from the year-ago estimate of 7.4%. This compares with an unadjusted unemployment rate of 3.7% for California and 3.4% for the nation during the same period.

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

**FRESNO METROPOLITAN STATISTICAL AREA
(FRESNO COUNTY)
Civilian Labor Force, Employment and Unemployment by Industry (Annual Averages)
March Benchmark**

	2014	2015	2016	2017	2018
Civilian Labor Force ⁽¹⁾	438,300	440,500	445,000	445,300	448,400
Employment	387,500	395,700	402,700	407,400	414,900
Unemployment	50,700	44,900	42,300	37,900	33,400
Unemployment Rate	11.6%	10.2%	9.5%	8.5%	7.5%
Wage and Salary Employment: ⁽²⁾					
Total Farm	48,800	47,300	46,900	46,100	44,000
Mining and Logging	300	300	300	300	300
Construction	13,900	15,000	16,000	17,400	18,700
Manufacturing	24,000	25,400	25,200	25,600	26,000
Wholesale Trade	13,500	13,500	14,000	14,100	14,300
Retail Trade	36,500	37,600	38,800	38,900	39,200
Transportation, Warehousing & Utilities	11,900	12,300	12,800	13,100	14,400
Information	3,900	3,900	3,800	3,600	3,600
Financial Activities	12,800	13,100	13,300	13,800	14,200
Professional and Business Services	31,000	31,500	31,900	30,600	31,900
Educational and Health Services	57,000	60,400	64,300	67,700	70,100
Leisure and Hospitality	30,600	31,400	32,800	33,800	34,200
Other Services	11,200	11,500	11,700	11,800	12,000
Federal Government	9,800	9,600	9,800	9,800	10,000
State Government	11,400	11,900	12,100	12,400	12,600
Local Government	45,100	47,200	49,000	50,400	52,000
Total All Industries ⁽³⁾	361,500	371,800	382,800	389,200	397,400

⁽¹⁾ Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽³⁾ Columns may not add to totals due to rounding.

Source: State of California Employment Development Department.

Largest Employers

The following table shows the principal employers in the County for the fiscal year ended June 30, 2019:

FRESNO COUNTY
Principal Employers, 2019
(By numbers of employees)

Employer	Full-Time Employees
1. Fresno Unified School District	10,552
2. Community Medical Centers	8,500
3. County of Fresno	8,055
4. Internal Revenue Service	4,040
5. Olam	3,576
6. City of Fresno	3,575
7. Zacky Farms LLC	3,300
8. Saint Agnes Medical Center	2,812
9. California State University Fresno	2,543
10. Amazon.com, Inc	2,500

Source: County of Fresno Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

Median Household Income

The following table summarizes the median household income for the County, the State and the United States for the 2013 through 2017, which is the last year for which such information is available.

COUNTY OF FRESNO, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Median Household Income

	2013	2014	2015	2016	2017
Fresno County	43,925	43,423	46,949	48,715	51,800
California	60,190	61,933	64,500	67,739	71,805
United States	52,250	53,657	55,775	57,617	60,336

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

Commercial Activity

A summary of taxable sales in recent years within the County is shown in the following two tables. Annual figures for 2018 are not yet available.

COUNTY OF FRESNO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions (shown in thousands of dollars)

	Retail & Food Services		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	12,047	8,597,480	18,112	12,618,111
2014	12,268	8,998,182	18,304	13,328,511
2015 ⁽¹⁾	7,298	9,247,617	20,242	14,080,800
2016	13,128	9,567,618	20,530	10,073,246
2017	13,166	9,943,017	20,655	14,631,309

⁽¹⁾ Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California Department of Tax and Fee Administration, *Taxable Sales in California (Sales & Use Tax)*.

Construction Activity

Building permits and valuations for the past five years in the County is shown in the following table. Annual figures for 2019 are not yet available.

COUNTY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)

Permit Valuation	2014	2015	2016	2017	2018
New Single-family	\$ 388,564.8	\$ 580,986.1	\$ 689,016.6	\$ 512,951.0	\$ 703,307.1
New Multi-family	43,654.0	34,183.5	52,363.2	131,175.3	67,589.9
Res. Alterations/Additions	35,354.2	31,800.5	30,648.8	29,478.7	47,115.5
Total Residential	467,573.0	646,970.1	772,028.6	673,605.0	818,012.5
New Commercial	\$ 98,770.4	\$ 210,280.3	\$ 184,408.2	\$ 201,676.5	\$ 139,662.0
New Industrial	21,368.5	8,359.4	14,895.8	14,087.9	37,564.8
New Other	49,382.5	121,042.6	147,642.2	68,383.0	90,451.9
Com. Alterations/Additions	70,566.8	88,609.5	80,745.4	69,202.2	229,373.0
Total Nonresidential	240,088.2	428,291.8	427,691.6	353,349.6	497,051.7
New Dwelling Units					
Single Family	1,140	2,153	2,559	1,886	2,560
Multiple Family	539	343	339	1,135	290
Total New Dwelling Units	1,949	2,496	2,898	3,021	2,850

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX C

**ANNUAL FINANCIAL REPORT OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**FOWLER UNIFIED SCHOOL DISTRICT
COUNTY OF FRESNO
FOWLER, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2019

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

FOWLER UNIFIED SCHOOL DISTRICT
AUDIT REPORT
YEAR ENDED JUNE 30, 2019

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Gustavo M. Corona, CPA
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◆◆◆
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Consultant

Independent Auditor's Report

Board of Trustees
Fowler Unified School District
Fowler, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020, on our consideration of Fowler Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fowler Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fowler Unified School District's internal control over financial reporting and compliance.

*Borchardt, Corona, Faith
& Lykavian*

Fresno, California
February 6, 2020

Introductory Section

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

FINANCIAL HIGHLIGHTS

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

FINANCIAL HIGHLIGHTS

- ❑ Total net position for governmental and business type activities was a deficit of \$6,879,310 at June 30, 2019. The amount at June 30, 2019 is lower than the total net position from the year ended June 30, 2018 by \$3,440,307. The decrease is the result of current year activity as well as an increase in the District's proportionate share of the CalSTRS and CalPERS pension liability according to GASB 68.
- ❑ Overall revenues of \$37,631,021 were lower than expenditures of \$41,071,328 (this includes a transfer to the Retiree Benefit Fund) by \$3,440,307.
- ❑ Long-term debt has increased by \$1,133,290. Detailed activity information is included in the footnotes to the financial statements. See Table 6.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

DISTRICT-WIDE STATEMENTS

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

The two district-wide statements report the District's net position and how they have changed. Net position (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are combined into two categories:

- Governmental activities – The District's basic services are included here, such as regular and special education, transportation, food services, and administration. Property taxes, state formula aid and fees charged, finance most of these activities.
- Business type activities – The District charges fees to cover the cost of certain services it provides. The District's preschool program is included here.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like food services) or to show that it is properly using certain revenues.

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was a deficit of \$6,709,580 as shown in the figure below.

Table 1
Net Position

	Governmental and Business Activities		Total Percentage Change
	2019	2018	2019-2018
Assets:			
Cash and Other Assets	\$ 25,268,802	\$ 26,426,392	(4.38%)
Capital Assets, Net of Accumulated Depreciation	32,401,014	32,314,169	0.27%
TOTAL ASSETS	<u>57,669,816</u>	<u>58,740,561</u>	<u>(1.82%)</u>
Deferred Outflows of Resources	<u>8,574,802</u>	<u>8,404,965</u>	<u>2.02%</u>
Liabilities:			
Current Liabilities	5,050,093	3,953,164	27.75%
Long-Term Obligations	66,598,649	65,465,359	1.73%
TOTAL LIABILITIES	<u>71,648,742</u>	<u>69,418,523</u>	<u>3.21%</u>
Deferred Inflows of Resources	<u>1,305,456</u>	<u>1,166,006</u>	<u>11.96%</u>
Net Position:			
Net Investment in Capital Assets	12,520,623	12,415,198	0.85%
Restricted	4,526,005	4,227,225	7.07%
Unrestricted	(23,756,208)	(20,081,427)	(18.30%)
TOTAL NET POSITION	<u>\$ (6,709,580)</u>	<u>\$ (3,439,003)</u>	<u>(>100.00%)</u>

Change in Net Position.

The District's total revenues excluding the transfers were \$38,231,021. A majority of the revenue comes from LCFF (70.63%).

The total cost of all funds, programs and services was \$40,901,598, compared to \$36,993,749 for last year. The District's expenses are related to educating and caring for students. The district's major expenditures are for personnel and the benefits associated with employees of the district. Instruction and pupil service related costs account for 75.10% of the District's total expenditures for all funds. Administrative activities only account for 4.30% of the District's total expenditures for all funds.

**Table 2
Changes in Net Position**

	Governmental and Business Activities		Total Percentage Change
	2019	2018	2019-2018
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,073,463	\$ 819,178	31.04%
Operating Grants and Contributions	5,845,647	5,154,890	13.40%
General Revenues:			
LCFF Sources	27,001,680	24,971,965	8.13%
State Revenues	1,115,984	3,651,953	(69.44%)
Local Revenues	3,194,247	4,251,902	(24.87%)
Transfers	(600,000)	(835,000)	(28.14%)
TOTAL REVENUES	37,631,021	38,014,888	(1.01%)
Expenses:			
Instruction	23,463,733	22,193,403	5.72%
Instruction-Related Services	2,390,985	2,294,515	4.20%
Pupil Services	4,865,882	4,491,226	8.34%
Ancillary Services	230,995	205,992	12.14%
Community Services	17,422	9,542	82.58%
Enterprise	-	8,334	(100.00%)
General Administration	1,779,143	1,727,601	2.98%
Plant Services	6,047,600	3,949,362	53.13%
Other Outgo	172,984	157,047	10.15%
Interest on Long-Term Obligations	1,756,739	1,785,356	(1.60%)
Enterprising Activities	176,115	171,371	2.77%
TOTAL EXPENSES	40,901,598	36,993,749	10.56%
INCREASE (DECREASE) IN NET POSITION	(3,270,577)	1,021,139	(>100.00)
BEGINNING NET POSITION	(3,439,003)	(1,971,568)	74.43%
PRIOR PERIOD ADJUSTMENT	-	(2,488,574)	(100.00%)
ENDING NET POSITION	\$ (6,709,580)	\$ (3,439,003)	>100.00%

GOVERNMENTAL AND BUSINESS ACTIVITIES

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 23,463,733	\$ 22,193,403	\$ 20,816,249	\$ 19,396,634
Instruction-Related Service	2,390,985	2,294,515	2,006,051	1,978,322
Pupil Services	4,865,882	4,491,226	2,400,363	2,371,846
Ancillary Services	230,995	205,992	195,486	176,863
Community Services	17,422	9,542	14,849	8,275
Enterprise	-	8,334	-	8,334
General Administration	1,779,143	1,727,601	1,512,056	1,509,348
Plant Services	6,047,600	3,949,362	5,052,056	3,456,286
Other Outgo	172,984	157,047	172,984	157,047
Interest on Long-Term Obligations	1,756,739	1,785,356	1,756,739	1,785,356
Enterprising Activities	176,115	171,371	55,655	171,371
Total	\$ 40,901,598	\$ 36,993,749	\$ 33,982,488	\$ 31,019,682

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$20,515,336. This is \$2,271,989 less than last year's ending fund balance of \$22,787,325.

**Table 4
Governmental Funds Balances and Activity**

	Balances and Activity			
	July 1, 2018	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2019
General	\$ 5,269,686	\$ 33,506,054	\$ 33,402,937	\$ 5,372,803
Cafeteria	266,811	2,036,588	1,926,250	377,149
Pupil Transportation Equipment	516,015	88,150	939,958	(335,793)
Deferred Maintenance	1,416,944	188,533	146,110	1,459,367
Building	10,458,201	218,252	1,617,071	9,059,382
Capital Facilities	2,387,586	331,578	444,367	2,274,797
Special Reserve Fund for Capital Outlay Projects	491,025	6,143	150,879	346,289
Bond Interest and Redemption	1,981,057	2,442,800	2,462,515	1,961,342
Total	\$ 22,787,325	\$ 38,818,098	\$ 41,090,087	\$ 20,515,336

The primary reason for this decrease is the purchase of buses and facilities expenses.

General Fund Budgetary Highlights

Over the course of the year the District revised the annual operating budget several times due to updated projections and actual costs.

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

- Revenues – increased by \$193,814 due to the passage of the budget and refined grant amounts.
- Salaries and Benefits – decreased by \$8,081 due to turnover in personnel.
- Other non-personnel expenditures – decreased by \$84,423 to align with revenue available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2018-19 school year, the District had a total investment of \$32,401,014 (net of depreciation) in land, land improvements, buildings, equipment, and work in progress. More detailed information about capital assets can be found in the notes to the financial statements.

The District's fiscal year 2018-19 capital projects budget will continue to be based on its planned needs.

**Table 5
Capital Assets**

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Land	\$ 1,184,547	\$ 1,184,547	N/A
Land Improvements	11,389,182	11,256,881	1.18%
Buildings	39,912,232	39,548,879	0.92%
Equipment	4,839,295	3,673,063	31.75%
Work In Progress	2,084,016	1,561,443	33.47%
Total Historical Cost	59,409,272	57,224,813	3.82%
Total Accumulated Depreciation	(27,008,258)	(24,910,644)	8.42%
NET CAPITAL ASSETS	\$ 32,401,014	\$ 32,314,169	0.27%

LONG-TERM DEBT

At year end the District had \$66,598,649 in general obligation bonds and other long-term outstanding debt.

- The District's net pension liability increased due to the change in proportionate share of the District's net pension liability and the OPEB liability. More detailed information about long term debt can be found in the notes to the financial statements.

**Table 6
Long-Term Debt**

	Governmental Activities		Total Percentage Change
	2019	2018	2019-2018
Net Pension Liability	\$ 27,252,993	\$ 25,657,448	6.22%
General Obligation Bonds	29,818,839	31,302,158	(4.74%)
Accrued Interest on CAB's	6,077,518	5,321,712	14.20%
Net OPEB Liability	3,020,607	2,761,170	9.40%
Compensated Absences	428,692	422,871	1.38%
TOTAL LONG TERM DEBT	\$ 66,598,649	\$ 65,465,359	1.73%

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect the district's financial future.

- Housing development in the City of Fowler is expected to increase slightly in the next few years. Enrollment growth, however, is difficult to predict.
- The District passed a bond measure in November 2016 in the amount of \$42 million for various future construction projects. Construction projects started in the summer of 2018 after the sale of the first series of bonds in March 2017. The District received \$2.5 million in funds that the State owed Fowler Unified for completed construction projects as a result of the passage of Proposition 51.

- The state budget is always speculative given the volatile nature of the state's economy, a new governor and the political process. In addition, the finances of the Local Control Funding Formula (LCFF) over the next several years is largely dependent on a growing state economy in California that is hard to predict. The Federal budget has been greatly debated in Congress and the future Federal budgets may show volatility as a result.
- Health care costs continue to increase nationally and statewide. The JPA that the District belongs to for health coverage (EdCare Group) is always looking for new ways to maximize health benefits and contain costs. Continued cost increases, including the fiscal impact of the Federal Health Care Reform Act, will impact the containment of costs.
- In the State's continuing effort to recover from the recent financial crisis, STRS and PERS will be increasing their employer rates annually. Currently, the STRS is projected to increase to 19.721% in 2019-2020 from 18.062% in 2018-2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Fowler Unified School District, 658 East Adams Avenue, Fowler, California 93625.

Financial Section

FOWLER UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash in County Treasury	\$ 23,843,890	\$ 59,583	\$ 23,903,473
Cash in Revolving Fund	12,000	--	12,000
Accounts Receivable	1,279,940	--	1,279,940
Internal Balances	(70,000)	70,000	--
Stores Inventories	73,389	--	73,389
Capital Assets:			
Land	1,184,547	--	1,184,547
Land Improvements, Net	7,938,773	--	7,938,773
Buildings, Net	19,315,662	--	19,315,662
Equipment, Net	1,878,016	--	1,878,016
Work in Progress	2,084,016	--	2,084,016
Total Assets	<u>57,540,233</u>	<u>129,583</u>	<u>57,669,816</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources - Pensions	8,405,072	--	8,405,072
Deferred Outflows of Resources - OPEB	169,730	--	169,730
Total Deferred Outflows of Resources	<u>8,574,802</u>	<u>--</u>	<u>8,574,802</u>
LIABILITIES:			
Accounts Payable	4,995,277	1,323	4,996,600
Unearned Revenue	53,493	--	53,493
Noncurrent Liabilities:			
Net Pension Liability	27,252,993	--	27,252,993
Net OPEB Liability	3,020,607	--	3,020,607
Due within one year	1,763,236	--	1,763,236
Due in more than one year	34,561,813	--	34,561,813
Total Liabilities	<u>71,647,419</u>	<u>1,323</u>	<u>71,648,742</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources - Pensions	1,267,185	--	1,267,185
Deferred Inflows of Resources - OPEB	38,271	--	38,271
Total Deferred Inflows of Resources	<u>1,305,456</u>	<u>--</u>	<u>1,305,456</u>
NET POSITION:			
Net Investment in Capital Assets	12,520,623	--	12,520,623
Restricted For:			
Federal and State Programs	822,645	--	822,645
Debt Service	1,082,274	--	1,082,274
Capital Projects	2,621,086	--	2,621,086
Unrestricted	(23,884,468)	128,260	(23,756,208)
Total Net Position	<u>\$ (6,837,840)</u>	<u>\$ 128,260</u>	<u>\$ (6,709,580)</u>

The accompanying notes are an integral part of this statement.

FOWLER UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
PRIMARY GOVERNMENT:			
Governmental Activities:			
Instruction	\$ 23,463,733	\$ 307,140	\$ 2,340,344
Instruction-Related Services	2,390,985	35,144	349,790
Pupil Services	4,865,882	240,080	2,225,439
Ancillary Services	230,995	3,242	32,267
Community Services	17,422	235	2,338
General Administration	1,779,143	24,385	242,702
Plant Services	6,047,600	342,777	652,767
Other Outgo	172,984	--	--
Interest on Long-Term Obligations	1,756,739	--	--
Total Governmental Activities	<u>40,725,483</u>	<u>953,003</u>	<u>5,845,647</u>
Business-type Activities:			
Enterprising Activities	176,115	120,460	--
Total Business-type Activities	<u>176,115</u>	<u>120,460</u>	<u>--</u>
Total Primary Government	<u>\$ 40,901,598</u>	<u>\$ 1,073,463</u>	<u>\$ 5,845,647</u>

General Revenues:
 LCFF Sources
 State Revenues
 Local Revenues
 Transfers
 Total General Revenues and Transfers
 Change in Net Position
 Net Position - Beginning
 Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (20,816,249)		\$ (20,816,249)
(2,006,051)		(2,006,051)
(2,400,363)		(2,400,363)
(195,486)		(195,486)
(14,849)		(14,849)
(1,512,056)		(1,512,056)
(5,052,056)		(5,052,056)
(172,984)		(172,984)
(1,756,739)		(1,756,739)
<u>(33,926,833)</u>		<u>(33,926,833)</u>
<u>--</u>	\$ <u>(55,655)</u>	<u>(55,655)</u>
<u>--</u>	<u>(55,655)</u>	<u>(55,655)</u>
<u>(33,926,833)</u>	<u>(55,655)</u>	<u>(33,982,488)</u>
27,001,680	--	27,001,680
1,108,573	7,411	1,115,984
3,192,608	1,639	3,194,247
(685,812)	85,812	(600,000)
<u>30,617,049</u>	<u>94,862</u>	<u>30,711,911</u>
(3,309,784)	39,207	(3,270,577)
(3,528,056)	89,053	(3,439,003)
<u>\$ (6,837,840)</u>	<u>\$ 128,260</u>	<u>\$ (6,709,580)</u>

FOWLER UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Pupil Transpo- rtation Equip- ment Fund
ASSETS:		
Cash in County Treasury	\$ 7,556,664	\$ 217,840
Cash in Revolving Fund	10,000	--
Accounts Receivable	1,029,381	--
Due from Other Funds	96,558	--
Stores Inventories	67,984	--
Total Assets	<u>8,760,587</u>	<u>217,840</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 3,103,372	\$ 535,650
Due to Other Funds	230,919	17,983
Unearned Revenue	53,493	--
Total Liabilities	<u>3,387,784</u>	<u>553,633</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	10,000	--
Stores Inventories	67,984	--
Restricted Fund Balances	452,900	--
Committed Fund Balances	--	--
Assigned Fund Balances	3,859,939	--
Unassigned:		
Reserve for Economic Uncertainty	981,980	--
Other Unassigned	--	(335,793)
Total Fund Balance	<u>5,372,803</u>	<u>(335,793)</u>
Total Liabilities and Fund Balances	<u>\$ 8,760,587</u>	<u>\$ 217,840</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
\$ 9,592,621	\$ 2,594,493	\$ 3,882,272	\$ 23,843,890
--	--	2,000	12,000
11,359	2,986	236,214	1,279,940
--	--	163,429	259,987
--	--	5,405	73,389
<u>9,603,980</u>	<u>2,597,479</u>	<u>4,289,320</u>	<u>25,469,206</u>
\$ 536,558	\$ 314,211	\$ 80,599	\$ 4,570,390
8,040	8,471	64,574	329,987
--	--	--	53,493
<u>544,598</u>	<u>322,682</u>	<u>145,173</u>	<u>4,953,870</u>
--	--	2,000	12,000
--	--	5,405	73,389
--	2,274,797	2,331,086	5,058,783
--	--	1,805,656	1,805,656
9,059,382	--	--	12,919,321
--	--	--	981,980
--	--	--	(335,793)
<u>9,059,382</u>	<u>2,274,797</u>	<u>4,144,147</u>	<u>20,515,336</u>
<u>\$ 9,603,980</u>	<u>\$ 2,597,479</u>	<u>\$ 4,289,320</u>	<u>\$ 25,469,206</u>

FOWLER UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances - governmental funds balance sheet	\$ 20,515,336
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	32,401,014
Payables for bond principal which are not due in the current period are not reported in the funds.	(29,818,839)
Payables for bond interest which are not due in the current period are not reported in the funds.	(424,887)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(428,692)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(27,252,993)
Deferred Resource Inflows related to the pension plans are not reported in the funds.	(1,267,185)
Deferred Resource Outflows related to the pension plans are not reported in the funds.	8,405,072
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(6,077,518)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(3,020,607)
Deferred Resource Inflows related to the OPEB plans are not reported in the funds.	(38,271)
Deferred Resource Outflows related to the OPEB plans are not reported in the funds.	<u>169,730</u>
Net position of governmental activities - Statement of Net Position	<u>\$ (6,837,840)</u>

The accompanying notes are an integral part of this statement.

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

	<u>General Fund</u>	<u>Pupil Transpo- rtation Equip- ment Fund</u>
Revenues:		
LCFF Sources:		
State Apportionment or State Aid	\$ 17,453,381	\$ --
Education Protection Account Funds	4,145,338	--
Local Sources	5,243,067	--
Federal Revenue	1,571,220	--
Other State Revenue	3,377,838	80,975
Other Local Revenue	1,715,210	7,175
Total Revenues	<u>33,506,054</u>	<u>88,150</u>
Expenditures:		
Current:		
Instruction	21,135,730	--
Instruction - Related Services	2,433,715	--
Pupil Services	2,733,764	4,387
Ancillary Services	224,179	--
Community Services	17,422	--
General Administration	1,681,461	--
Plant Services	3,971,909	--
Other Outgo	164,513	--
Capital Outlay	354,432	935,571
Debt Service:		
Principal	--	--
Interest	--	--
Total Expenditures	<u>32,717,125</u>	<u>939,958</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>788,929</u>	<u>(851,808)</u>
Other Financing Sources (Uses):		
Transfers Out	(685,812)	--
Total Other Financing Sources (Uses)	<u>(685,812)</u>	<u>--</u>
Net Change in Fund Balance	103,117	(851,808)
Fund Balance, July 1	5,269,686	516,015
Fund Balance, June 30	<u>\$ 5,372,803</u>	<u>\$ (335,793)</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Facilities Fund	Other Governmental Funds	Total Governmental Funds
\$ --	\$ --	\$ --	\$ 17,453,381
--	--	--	4,145,338
--	--	159,894	5,402,961
--	--	1,695,936	3,267,156
--	--	148,600	3,607,413
<u>218,252</u>	<u>331,578</u>	<u>2,669,634</u>	<u>4,941,849</u>
<u>218,252</u>	<u>331,578</u>	<u>4,674,064</u>	<u>38,818,098</u>
--	--	--	21,135,730
--	--	--	2,433,715
--	--	1,926,250	4,664,401
--	--	--	224,179
--	--	--	17,422
--	--	--	1,681,461
68,240	62,176	247,686	4,350,011
--	8,471	--	172,984
1,548,831	373,720	49,303	3,261,857
--	--	1,457,305	1,457,305
--	--	1,005,210	1,005,210
<u>1,617,071</u>	<u>444,367</u>	<u>4,685,754</u>	<u>40,404,275</u>
<u>(1,398,819)</u>	<u>(112,789)</u>	<u>(11,690)</u>	<u>(1,586,177)</u>
--	--	--	(685,812)
--	--	--	(685,812)
(1,398,819)	(112,789)	(11,690)	(2,271,989)
10,458,201	2,387,586	4,155,837	22,787,325
<u>\$ 9,059,382</u>	<u>\$ 2,274,797</u>	<u>\$ 4,144,147</u>	<u>\$ 20,515,336</u>

FOWLER UNIFIED SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ (2,271,989)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,329,839
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,239,914)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(3,080)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,457,305
The accretion of interest on capital appreciation bonds is not reported in the funds.	(755,806)
(Increase) decrease in accrued interest from beginning of period to end of period.	(21,737)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(5,821)
Bond premiums are reported in the funds but not in the SOA.	26,014
Implementing GASB 68 required certain expenditures to be de-expended and recorded as DRO.	2,662,338
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(4,130,199)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as DRO.	169,730
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	<u>(526,464)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (3,309,784)</u>

The accompanying notes are an integral part of this statement.

FOWLER UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

ENTERPRISE FUND

JUNE 30, 2019

	Nonmajor Enterprise Fund
	<u>Preschool Enterprise Fund</u>
ASSETS:	
Current Assets:	
Cash in County Treasury	\$ 59,583
Due from Other Funds	<u>70,000</u>
Total Current Assets	<u>129,583</u>
Total Assets	<u>129,583</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ <u>1,323</u>
Total Current Liabilities	<u>1,323</u>
Total Liabilities	<u>1,323</u>
NET POSITION:	
Unrestricted (Deficit)	<u>128,260</u>
Total Net Position	<u>\$ 128,260</u>

The accompanying notes are an integral part of this statement.

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

	Nonmajor Enterprise Fund
	<u>Preschool Enterprise Fund</u>
Operating Revenues:	
State Revenue	\$ 7,411
Local Revenue	122,099
Total Revenues	<u>129,510</u>
Operating Expenses:	
Classified Personnel Salaries	131,046
Employee Benefits	38,310
Books and Supplies	6,208
Services and Other Operating Expenses	551
Total Expenses	<u>176,115</u>
Income (Loss) before Contributions and Transfers	(46,605)
Interfund Transfers In	85,812
Change in Net Position	<u>39,207</u>
Total Net Position - Beginning	89,053
Total Net Position - Ending	<u>\$ 128,260</u>

The accompanying notes are an integral part of this statement.

FOWLER UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Nonmajor Enterprise Fund
	<u>Preschool Enterprise Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 120,460
Cash Payments to Employees for Services	(169,355)
Cash Received from Grants	7,411
Cash Payments to Other Suppliers for Goods and Services	(7,232)
Other Operating Cash Receipts (Payments)	1,639
Net Cash Provided (Used) by Operating Activities	<u>(47,077)</u>
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Other Funds	85,812
Payments on Due From (To) Other Funds	(81,312)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>4,500</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,577)
Cash and Cash Equivalents at Beginning of Year	102,160
Cash and Cash Equivalents at End of Year	<u>\$ 59,583</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (46,605)
Change in Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	(472)
Total Adjustments	(472)
Net Cash Provided (Used) by Operating Activities	<u>\$ (47,077)</u>

The accompanying notes are an integral part of this statement.

FOWLER UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

	Pension Trust Fund	Private-purpose Trust Fund	Agency Fund
	Retiree Benefit Fund	Scholarship Fund	Student Body Fund
ASSETS:			
Cash in County Treasury	\$ 5,643,319	\$ --	\$ --
Cash on Hand and in Banks	--	12,491	230,556
Accounts Receivable	1,471,262	--	--
Total Assets	<u>7,114,581</u>	<u>12,491</u>	<u>230,556</u>
LIABILITIES:			
Due to Student Groups	\$ --	\$ --	\$ 230,556
Total Liabilities	<u>--</u>	<u>--</u>	<u>230,556</u>
NET POSITION:			
Held in Trust for Pension Benefit	7,114,581	--	--
Held in Trust	--	12,491	--
Total Net Position	<u>\$ 7,114,581</u>	<u>\$ 12,491</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

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

	Pension Trust Fund	Private- Purpose Trusts
Additions:		
Investment Income	\$ 115,142	\$ 25
Other Local Revenue	437,708	--
Contributions	--	4,833
Total Additions	<u>552,850</u>	<u>4,858</u>
Deductions:		
Scholarship Awards	--	4,700
Administrative Expenses	--	--
Total Deductions	<u>--</u>	<u>4,700</u>
Excess (Deficiency) of Revenues Over(Under) Expenditures	<u>552,850</u>	<u>158</u>
Other Financing Sources (Uses)		
Other Transfers In from All Others	600,000	
Total Other Financing Sources(Uses)	<u>600,000</u>	<u>--</u>
Change In Net Position	1,152,850	158
Net Position-Beginning of the Year	5,961,731	12,333
Net Position-End of the Year	<u>\$ 7,114,581</u>	<u>\$ 12,491</u>

The accompanying notes are an integral part of this statement.

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

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

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

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

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

2. Basis of Presentation, Basis of Accounting

a. Change in Accounting Policies

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

GASB Statement No. 83 – Certain Asset Retirement Obligations

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

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

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

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

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

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

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

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

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

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

b. **Basis of Presentation**

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

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

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

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

The District reports the following major governmental funds:

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

The Pupil Transportation Equipment Fund. This fund is used to account separately for state and local revenues for the acquisition, rehabilitation, or replacement of equipment used to transport students.

Building Fund. This fund is used to account for resources received from general obligation bond proceeds.

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

The District reports the following non-major governmental funds:

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

- **The Cafeteria Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program.
- **Deferred Maintenance Fund.** This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes.

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

- **The Bond Interest and Redemption Fund.** This fund is used to account for the accumulation of resources for, and the repayment of, District bond principal, interest, and related costs.

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

- **The Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of monies for capital outlay purposes.

Proprietary Funds – Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the school district has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. The following enterprise fund is utilized by the District:

- **The Preschool Enterprise Fund.** This fund is used to account for resources committed to preschool programs maintained by the District.

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In addition, the District reports the following fund types:

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

- Private-Purpose Trust Funds. These funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.
- Agency Funds. These funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

c. Measurement Focus, Basis of Accounting

Government-wide Proprietary and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Encumbrances

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

FOWLER UNIFIED SCHOOL DISTRICT
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4. Budgets and Budgetary Accounting

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

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

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

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

a. Deposits and Investments

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

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury. The County pools these funds with those of other entities in the County and invests the cash. These pooled funds are carried at market value.

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

FOWLER UNIFIED SCHOOL DISTRICT
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c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	25 - 50
Improvements	20
Equipment	5 -15

d. Receivable and Payable Balances

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

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is included in noncurrent liabilities - due within one year.

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

f. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures. The District has entered into a Long-Term Note Receivable agreement for which Unearned revenue has been recorded for the uncollected balance of the note receivable.

g. Long-Term Obligation

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

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

FOWLER UNIFIED SCHOOL DISTRICT
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h. Interfund Activity

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

i. Property Taxes

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

j. Deferred Outflow/Inflows of Resources

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

k. Fund Balances

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

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

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

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

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

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

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

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

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than two months of general fund operating expenditures, or three percent of General Fund expenditures and other financing uses.

i. Pensions

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

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

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

m. Postemployment Benefits Other Than Pensions (OPEB)

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

n. Use of Estimates

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

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Pupil Transportation Equipment Fund	\$335,793	The District will be requesting reimbursement from San Joaquin Valley Air Pollution District through a grant for the purchased buses.

C. Excess of Expenditures over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
Classified Salaries	\$ 15,796
Employee Benefits	843,912
Services and Other Operating Expenditures	213,687
Other Outgo	16,907
Pupil Transportation Equipment Fund:	
Capital Outlay	\$ 425,100

The variance in classified salaries, employee benefits and other outgo in the General Fund resulted from the District receiving additional CalSTRS and CalPERS State on Behalf contributions per SB90. The variance in the General Fund for services and other operating expenditures resulted from the District experiencing an increase in costs for after school program services. The Pupil Transportation Equipment Fund completed a purchase of buses. These items were not fully budgeted by the District.

D. Cash and Investments

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

Statement of Net Position:

Governmental Activities:	
Cash in County Treasury	\$ 23,843,890
Cash in Revolving Fund	12,000
Total	<u>23,855,890</u>
Business-Type Activities:	
Cash in County Treasury	59,583
Total	<u>59,583</u>
Fiduciary Funds:	
Cash in County Treasury	5,643,319
Cash in Banks	243,047
Total	<u>5,886,366</u>
Grand Total Cash and Investments	<u><u>\$ 29,801,839</u></u>

FOWLER UNIFIED SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2019

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

Cash in Revolving Fund	\$ 12,000
Deposits with Financial Institutions	243,047
Deposits with County Treasury	<u>29,546,792</u>
Total Cash and Investments	<u>\$ 29,801,839</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool (the District's portion was \$29,546,792 as of June 30, 2019). The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's portion of this pool as of June 30, 2019, as provided by the pool sponsor, was \$29,755,181. Assumptions made in determining the fair value of the District's pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The amount recorded on these financial statements is the balance available for withdrawal based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Cash in Banks and in Revolving Fund

Cash balances held in financial institutions including cash in banks (\$243,047 as of June 30, 2019) and in the revolving fund (\$12,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institution is fully insured or collateralized.

Investment Accounting Policy

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

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

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investments types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Security</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 days
Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

None of the District's deposits with financial institutions are in excess of federal depository insurance limits and are fully collateralized as required by California Government Code.

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

FOWLER UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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E. Fair Value

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

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

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

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

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

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

	<u>Uncategorized</u>	<u>Total</u>
Cash in County Treasury (Investments in county treasury)	<u>\$ 29,546,792</u>	<u>\$ 29,546,792</u>

F. Accounts Receivable

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

	General Fund	Building Fund	Capital Facilities Fund	Other Governmental Funds	Total
Apportionment	\$ 5,190	\$ -	\$ -	\$ -	\$ 5,190
Federal Government:					
Federal Programs	495,782	-	-	220,019	715,801
State Government:					
Categorical Aid	9,546	-	-	-	9,546
Lottery	142,173	-	-	-	142,173
Other	-	-	-	13,145	13,145
Total State Government	151,719	-	-	13,145	164,864
Local Government:					
Other	369,483	-	-	-	369,483
Interest	7,207	11,359	2,986	3,050	24,602
Totals	<u>\$ 1,029,381</u>	<u>\$ 11,359</u>	<u>\$ 2,986</u>	<u>\$ 236,214</u>	<u>\$ 1,279,940</u>

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

G. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,184,547	\$ -	\$ -	\$ 1,184,547
Work in progress	1,561,443	636,340	113,767	2,084,016
Total capital assets not being depreciated	<u>2,745,990</u>	<u>636,340</u>	<u>113,767</u>	<u>3,268,563</u>
Capital assets being depreciated:				
Buildings	39,548,879	363,353	-	39,912,232
Land Improvements	11,256,881	132,301	-	11,389,182
Equipment	<u>3,673,063</u>	<u>1,311,612</u>	<u>145,380</u>	<u>4,839,295</u>
Total capital assets being depreciated	<u>54,478,823</u>	<u>1,807,266</u>	<u>145,380</u>	<u>56,140,709</u>
Less accumulated depreciation for:				
Buildings	19,191,922	1,404,648	-	20,596,570
Land Improvements	2,929,432	520,977	-	3,450,409
Equipment	<u>2,789,290</u>	<u>314,289</u>	<u>142,300</u>	<u>2,961,279</u>
Total accumulated depreciation	<u>24,910,644</u>	<u>2,239,914</u>	<u>142,300</u>	<u>27,008,258</u>
Total capital assets being depreciated, net	<u>29,568,179</u>	<u>(432,648)</u>	<u>3,080</u>	<u>29,132,451</u>
Governmental activities capital assets, net	<u>\$ 32,314,169</u>	<u>\$ 203,692</u>	<u>\$ 116,847</u>	<u>\$ 32,401,014</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,980,076
Pupil Services	126,847
General Administration	38,568
Plant Services	94,423
	<u>\$ 2,239,914</u>

H. Interfund Balances and Activities

1. Due To and From Other Funds

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

<u>Due To Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>	<u>Purpose</u>
Cafeteria Fund	General Fund	\$ 64,574	Cafeteria's portion of liability insurance, payroll costs, and taxes.
Pupil Transportation Equipment Fund	General Fund	17,983	To account for E-rate discount receipts in proper fund.
Capital Facilities Fund	General Fund	8,471	Indirect costs related to developer fees.
Building Fund	General Fund	5,530	Reimbursement for engineering costs for playground project.
General Fund	Cafeteria Fund	1,025	Allocation of liability insurance expense.
General Fund	Deferred Maintenance Fund	159,894	Transfer for deferred maintenance.
Building Fund	Special Reserve Fund for Capital Outlay Projects	2,510	To account for cost of transfer service fee on purchase of Marshall Elementary land in proper fund.
General Fund	Enterprise Fund	70,000	To fund preschool revenue shortfall.
		<u>\$ 329,987</u>	

All amounts due are scheduled to be repaid within one year.

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

2. Transfers To and From Other Funds

Transfer in to and out from other funds at June 30, 2019, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Retiree Benefits Fund	\$ 600,000	To fund employee benefit costs.
General Fund	Preschool Enterprise Fund	85,812	To fund preschool revenue shortfall from prior and current year.
		<u>\$ 685,812</u>	

I. Long-Term Obligations

1. Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 30,547,746	\$ -	\$ 1,457,305	\$ 29,090,441	\$ 1,654,299
Bond Premium	754,412	-	26,014	728,398	26,014
Accrued Interest on CABs	5,321,712	755,806	-	6,077,518	-
Compensated Absences	422,871	5,821	-	428,692	82,923
Totals	<u>\$ 37,046,741</u>	<u>\$ 761,627</u>	<u>\$ 1,483,319</u>	<u>\$ 36,325,049</u>	<u>\$ 1,763,236</u>

The funds typically used to liquidate compensated absences in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	General

2. General Obligation Bonds

On March 1, 1999 the District issued three General Obligation Bonds totaling \$5,475,000. A serial bond of \$2,030,000 bearing interest of 4.00-5.20% payable semi-annually which matured on July 1, 2009. A term bond of \$1,615,000 bearing interest of 5.00% which matures on July 1, 2015. A term bond of \$1,830,000 bearing interest of 5.20% which matures on July 1, 2020.

On May 6, 2005 the District issued capital appreciation bonds totaling \$796,611 bearing interest of 7.125% which matures on August 1, 2029. The Bond proceeds were used to construct school facilities.

On February 24, 2010 the District issued three general obligation bonds totaling \$2,199,079. A capital appreciation bond of \$156,415 bearing interest of 4.96-5.86% and matures on August 1, 2025. A term bond of \$399,431 bearing interest of 6.24% which matures on August 1, 2029. A term bond of \$1,643,233 bearing interest of 6.55% which matures on August 1, 2034.

On March 25, 2010 the District issued five general obligation bonds totaling \$9,799,291. A term bond of \$4,055,000 bearing interest of 5.25% payable semiannually which matures on August 1, 2039. A capital appreciation bond of \$913,451 bearing interest of 9.225% (current balance is \$788,911) which matures on August 1, 2042. A capital appreciation bond of \$910,864 bearing interest of 6.73% which matures on August 1, 2034. A capital appreciation bond of \$1,454,080 bearing interest of 6.840% which matures on August 1, 2038. A capital appreciation bond of \$2,465,896 bearing interest of 7.13% which matures on August 1, 2049. The Bond proceeds were used for the purpose of financing the addition and modernization of school facilities.

On May 5, 2014 the District issued a general obligation refunding bond totaling \$6,140,000 bearing interest ranging between 2.00-5.00% payable semi-annually which matures August 1, 2025.

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On March 2, 2017 the District issued three general obligation bonds totaling \$12,000,000. Serial Bonds of \$5,335,000 bearing interest of 3.375% to 5.00% payable semiannually which mature on August 1, 2037. A term bond of \$2,965,000 bearing interest of 4.00% which matures on August 1, 2042. A term bond of \$3,700,000 bearing interest of 5.250% which matures on August 1, 2046. The Bond proceeds will be used for the purpose of financing the construction, acquisition, furnishing and equipping of District facilities. The bonds were issued at premium of \$780,426 which is reported as Premium on Bonds and will be amortized as interest expense over the life of the three bond issues on a straight line basis which approximates the amortizable interest method.

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

Date of Issue	Interest Rate%	Maturity Date	Original Issue	Outstanding July 1, 2018	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2019
1999	4.00-5.20	2021	\$ 5,475,000	\$ 915,000	\$ -	\$ 380,000	\$ 535,000
2005	7.125	2030	796,611	796,611	-	-	796,611
2010	4.96-5.86	2026	156,415	156,415	-	-	156,415
2010	6.24	2030	399,431	399,431	-	-	399,431
2010	6.55	2035	1,643,233	1,643,233	-	-	1,643,233
2010	5.25	2040	4,055,000	4,055,000	-	-	4,055,000
2010	9.225	2043	913,451	836,216	-	47,305	788,911
2010	6.73	2035	910,864	910,864	-	-	910,864
2010	6.84	2039	1,454,080	1,454,080	-	-	1,454,080
2010	7.13	2050	2,465,896	2,465,896	-	-	2,465,896
2014	2.00-5.00	2026	6,140,000	4,915,000	-	445,000	4,470,000
2016	3.375-5.00	2038	5,335,000	5,335,000	-	585,000	4,750,000
2016	4.00	2043	2,965,000	2,965,000	-	-	2,965,000
2016	5.25	2047	3,700,000	3,700,000	-	-	3,700,000
			<u>\$ 36,409,981</u>	<u>\$ 30,547,746</u>	<u>\$ -</u>	<u>\$ 1,457,305</u>	<u>\$ 29,090,441</u>

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

1999 Bonds:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 405,000	\$ 24,440	\$ 429,440
2021	130,000	3,380	133,380
Totals	<u>\$ 535,000</u>	<u>\$ 27,820</u>	<u>\$ 562,820</u>

2005 Series A (Capital Appreciation Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2027-2030	<u>\$ 796,611</u>	<u>\$ 3,108,389</u>	<u>\$ 3,905,000</u>

2010 Series B (Capital Appreciation Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 5,376	\$ 9,624	\$ 15,000
2021	12,852	27,148	40,000
2022	18,722	46,278	65,000
2023	23,240	66,760	90,000
2024	27,779	92,221	120,000
2025-2026	68,446	281,554	350,000
Totals	<u>\$ 156,415</u>	<u>\$ 523,585</u>	<u>\$ 680,000</u>

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2010 Series B (Term Bonds):

Year Ending June 30, 2030	Governmental Activities		
	Principal	Interest	Total
	\$ 399,431	\$ 915,569	\$ 1,315,000

2010 Series B (Term Bonds):

Year Ending June 30, 2035	Governmental Activities		
	Principal	Interest	Total
	\$ 1,643,233	\$ 6,271,767	\$ 7,915,000

2010 Series C (Term Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ -	\$ 212,888	\$ 212,888
2021	-	212,888	212,888
2022	-	212,887	212,887
2023	-	212,887	212,887
2024	-	212,887	212,887
2025-2029	-	1,064,437	1,064,437
2030-2034	-	1,064,438	1,064,438
2035-2039	1,145,000	1,064,437	2,209,437
2040	2,910,000	152,775	3,062,775
Totals	\$ 4,055,000	\$ 4,410,524	\$ 8,465,524

2010 Series C (Capital Appreciation Bonds):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 45,387	\$ 59,613	\$ 105,000
2021	45,423	69,577	115,000
2022	45,139	79,861	125,000
2023	42,897	87,103	130,000
2040-2043	610,065	9,644,935	10,255,000
Totals	\$ 788,911	\$ 9,941,089	\$ 10,730,000

2010 Series C (Capital Appreciation Bonds):

Year Ending June 30, 2035	Governmental Activities		
	Principal	Interest	Total
\$ 910,864	\$ 3,639,136	\$ 4,550,000	

2010 Series C (Capital Appreciation Bonds):

Year Ending June 30, 2039	Governmental Activities		
	Principal	Interest	Total
\$ 1,454,080	\$ 8,300,920	\$ 9,755,000	

2010 Series C (Capital Appreciation Bonds):

Year Ending June 30, 2050	Governmental Activities		
	Principal	Interest	Total
\$ 2,465,896	\$ 36,239,104	\$ 38,705,000	

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2014 Refunding Bond

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 485,000	\$ 163,650	\$ 648,650
2021	525,000	149,100	674,100
2022	580,000	122,850	702,850
2023	640,000	93,850	733,850
2024	690,000	74,650	764,650
2025-2026	1,550,000	78,100	1,628,100
Totals	<u>\$ 4,470,000</u>	<u>\$ 682,200</u>	<u>\$ 5,152,200</u>

2016 G.O. Bonds

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 505,000	\$ 515,394	\$ 1,020,394
2021	580,000	490,144	1,070,144
2022	280,000	461,143	741,143
2023	330,000	447,144	777,144
2024	110,000	430,644	540,644
2025-2029	540,000	2,064,469	2,604,469
2030-2034	970,000	1,938,219	2,908,219
2035-2038	1,435,000	1,392,512	2,827,512
Totals	<u>\$ 4,750,000</u>	<u>\$ 7,739,669</u>	<u>\$ 12,489,669</u>

2016 G.O. Bonds (Serial)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2039-2043	<u>\$ 2,965,000</u>	<u>\$ 1,351,450</u>	<u>\$ 4,316,450</u>

2016 G.O Bonds (Serial)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2044-2047	<u>\$ 3,700,000</u>	<u>\$ 509,775</u>	<u>\$ 4,209,775</u>

During the year, the District made payments on General Obligation Bonds of \$2,462,515 including interest of \$1,005,210. Capital Appreciation Bonds are accretive. Bond interest accumulates in the initial years and will be repaid in later years.

J. Commitments Under Noncapitalized Leases

The District has entered into leases for copiers and a mail machine with lease terms in excess of one year. None of these agreements contain bargain purchase options. All agreements contain a non-termination clause. Future minimum lease payments under these agreements are as follows:

Year Ended June 30	Lease Payments
2020	\$ 84,730
2021	49,678
2022	843
Total	<u>\$ 135,251</u>

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

The District made rental payments of \$95,351 for this equipment during the year ended June 30, 2019.

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K. Detail of Fund Balance Classifications

Details of assigned and committed fund balances are as follows:

	General Fund	Building Fund	Other Governmental Funds
Assigned for:			
Cash Flows	\$ 3,409,070	\$ -	\$ -
Textbook Adoptions	450,869	-	-
Capital Outlay Projects	-	9,059,382	-
Subtotal	<u>\$ 3,859,939</u>	<u>\$ 9,059,382</u>	<u>\$ -</u>
Committed for:			
Deferred Maintenance	\$ -	\$ -	\$ 1,459,367
Capital Projects and Education Technology	-	-	346,289
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,805,656</u>
Total	<u>\$ 3,859,939</u>	<u>\$ 9,059,382</u>	<u>\$ 1,805,656</u>

L. Joint Ventures (Joint Powers Agreements)

The District participates in joint ventures under joint powers agreements (JPAs) with the Organization of Self-Insured Schools, the Fresno Area Self-Insured Benefits Organization dba The EdCare Group, and the Fresno County Self-Insurance Group. The relationship between the District and the JPAs is such that none of the JPAs is a component unit of the District for financial reporting purposes.

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

Organization of Self-Insured Schools (OSS)

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

Fresno Area Self-Insured Benefits Organization dba The EdCare Group (FASBO)

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

Fresno County Self-Insurance Group (FCSIG)

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

FOWLER UNIFIED SCHOOL DISTRICT
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M. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

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

b. Benefits Provided

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

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

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

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

c. Contributions – CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00% of annual pay, and the employer's contribution rate is 18.062% of annual payroll. District contributions to the pension plan were \$643,768 for the year ended June 30, 2019, and equal 100% of the required contributions for the year.

FOWLER UNIFIED SCHOOL DISTRICT
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d. Contributions – CalSTRS

For the year ended June 30, 2019, Section 22950 of the California Education code requires CalSTRS 2% at 60 and 2% at 62 members to contribute monthly to the system 10.25% and 10.205% of the creditable compensation, respectively, upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.28% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. District contributions to the pension plan were \$2,018,570 for the year ended June 30, 2019, and equal 100% of the required contributions for the year.

e. On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. For the year ended June 30, 2019 the State contributed \$1,865,974 on behalf of the District to CalSTRS and \$229,254 on behalf of the District to CalPERS. The contributions made by the State included amounts resulting from Senate Bill (SB) 90 which appropriated for an additional 2018-19 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures.

Accordingly, these amounts have been recorded in these financial statements.

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
District's proportionate share of the net pension liability	\$ 20,490,991	\$ 6,762,002	\$ 27,252,993
State's proportionate share of the net pension liability associated with the District	<u>11,732,108</u>	<u>-</u>	<u>11,732,108</u>
Total	<u>\$ 32,223,099</u>	<u>\$ 6,762,002</u>	<u>\$ 38,985,101</u>

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
Proportion - June 30, 2017	0.021349%	0.024771%
Proportion - June 30, 2018	<u>0.022295%</u>	<u>0.025361%</u>
Change - Increase (Decrease)	<u>0.000946%</u>	<u>0.000589%</u>

For the year ended June 30, 2019, the District recognized pension expense of \$5,508,840 and revenue of \$1,378,641 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,662,338	\$ -
Differences between actual and expected experience	506,834	297,643
Change in assumptions	3,858,487	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,321,949	180,509
Net difference between projected and actual earnings on plan investments	<u>55,464</u>	<u>789,033</u>
Total	<u>\$ 8,405,072</u>	<u>\$ 1,267,185</u>

\$2,662,338 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2020	\$ (1,734,097)
2021	(1,268,747)
2022	(169,787)
2023	(479,998)
2024	(719,217)
Thereafter	<u>(103,703)</u>
Total	<u>\$ (4,475,549)</u>

FOWLER UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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b. Actuarial Assumptions

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

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

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience

c. Discount Rate

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

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

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

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

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

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

CalPERS

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

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

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

CalSTRS

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

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

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 30,016,904	\$ 9,845,151
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 20,490,991	\$ 6,762,002
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 12,593,085	\$ 4,204,088

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

d. Pension Plan Fiduciary Net Position

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

N. Post-Employment Benefits Other than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The District provides post-employment health care benefits to all eligible employees who retire from the District on or after attaining age 55 with the stipulated minimum required years of service. The plan is a single-employer defined benefit OPEB plan administered by District's board of directors. Authority to establish and amend the benefit terms and financing requirements lies with the District's board of directors. A separate financial report is not prepared for the District's OPEB plan.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to But Not Yet Receiving Benefits	-
Participating Active Employees	196
Total Number of participants	206

Contributions

The contribution requirements of OPEB Plan members and the District are established and may be amended through negotiations between the District and the respective bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2019, the District contributed \$169,730 to the Plan, of which \$169,730 was used for current premiums.

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

2. Net OPEB Liability

The District's net OPEB liability of \$3,020,607 was measured as of June 30, 2018 and was determined by an actuarial valuation date of June 30, 2017.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75 percent
Salary Increases	2.75 percent, average, including inflation
Discount Rate	6.20 percent
Healthcare Cost Trend Rates	4.00 percent

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

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

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

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. It was assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. A historic 30-year real rate of return for each asset class along with the plan's assumed long-term inflation assumption were used to set the discount rate. The expected investment return was offset by investment expenses of 15 basis points. The asset allocation and best estimates of long-term real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
US Large Cap	40.00%	7.70%
US Mid Cap	10.00%	7.70%
Real Estate	5.00%	7.70%
Long-Term Corporate Bonds	25.00%	5.10%
Long-Term Government Bonds	15.00%	4.40%
Intermediate-Term Government Bonds	5.00%	4.40%
Total	<u>100.00%</u>	

3. Changes in Total OPEB Liability

Changes in Net OPEB Liability

	<u>Increases (Decreases)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at June 30, 2018 <i>(Valuation Date of June 30, 2017)</i>	<u>\$ 4,871,277</u>	<u>\$ 2,110,107</u>	<u>\$ 2,761,170</u>
Changes for the year:			
Service cost	340,540	-	340,540
Interest	305,937	-	305,937
Employer Contributions	-	214,153	(214,153)
Expected Investment Income	-	130,653	(130,653)
Investment Gains/Losses	-	47,839	(47,839)
Administrative Expense	-	(5,605)	5,605
Benefit payments	(214,153)	(214,153)	-
Net changes	<u>432,324</u>	<u>172,887</u>	<u>259,437</u>
Balance at June 30, 2019 <i>(Measurement Date of June 30, 2018)</i>	<u>\$ 5,303,601</u>	<u>\$ 2,282,994</u>	<u>\$ 3,020,607</u>

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2019.

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

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

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

	<u>District's OPEB Plan</u>
1% decrease Net OPEB Liability	5.20% \$ 3,414,095
Current discount rate Net OPEB Liability	6.20% \$ 3,020,607
1% increase Net OPEB Liability	7.20% \$ 2,650,235

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

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

	<u>District's OPEB Plan</u>
1% decrease Net OPEB Liability	3.00% \$ 2,616,067
Current Healthcare Cost Trend Rate Net OPEB Liability	4.00% \$ 3,020,607
1% increase Net OPEB Liability	5.00% \$ 3,420,351

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

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$511,861. As of fiscal year ended June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made subsequent to measurement date	\$ 169,730	\$ -
Differences between expected and actual experience	-	-
Change in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	38,271
	<u>\$ 169,730</u>	<u>\$ 38,271</u>

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

4. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$169,730 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of Net OPEB liability in the year ended June 30, 2020. The other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30:</u>	
2020	\$ (9,568)
2021	(9,568)
2022	(9,568)
2023	(9,567)
2024	-
Thereafter	-
Total	<u>\$ (38,271)</u>

O. Commitments and Contingencies

State and Federal Allowances, Awards and Grants

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

Litigation

The District is involved in litigation however, the outcome of the litigation is unknown at the time of the issuance of these financial statements.

Required Supplementary Information

FOWLER UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 18,568,457	\$ 17,431,465	\$ 17,453,381	\$ 21,916
Education Protection Account Funds	3,245,485	4,145,338	4,145,338	--
Local Sources	4,623,921	5,243,067	5,243,067	--
Federal Revenue	1,562,372	1,573,490	1,571,220	(2,270)
Other State Revenue	2,416,793	2,422,840	3,377,838	954,998
Other Local Revenue	1,564,533	1,359,175	1,715,210	356,035
Total Revenues	<u>31,981,561</u>	<u>32,175,375</u>	<u>33,506,054</u>	<u>1,330,679</u>
Expenditures:				
Current:				
Certificated Salaries	13,007,054	12,987,835	12,896,369	91,466
Classified Salaries	4,063,089	4,070,760	4,086,556	(15,796)
Employee Benefits	7,596,068	7,599,535	8,443,447	(843,912)
Books And Supplies	3,156,842	2,886,798	2,776,500	110,298
Services And Other Operating Expenditures	3,985,070	3,781,621	3,995,308	(213,687)
Other Outgo	137,606	147,606	164,513	(16,907)
Capital Outlay	33,000	412,070	354,432	57,638
Total Expenditures	<u>31,978,729</u>	<u>31,886,225</u>	<u>32,717,125</u>	<u>(830,900)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,832</u>	<u>289,150</u>	<u>788,929</u>	<u>499,779</u>
Other Financing Sources (Uses):				
Transfers Out	--	--	(685,812)	(685,812)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(685,812)</u>	<u>(685,812)</u>
Net Change in Fund Balance	2,832	289,150	103,117	(186,033)
Fund Balance, July 1	5,269,686	5,269,686	5,269,686	--
Fund Balance, June 30	<u>\$ 5,272,518</u>	<u>\$ 5,558,836</u>	<u>\$ 5,372,803</u>	<u>\$ (186,033)</u>

FOWLER UNIFIED SCHOOL DISTRICT
PUPIL TRANSPORTATION EQUIPMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other State Revenue	\$ 80,975	\$ 80,975	\$ 80,975	\$ --
Other Local Revenue	31,125	414,125	7,175	(406,950)
Total Revenues	<u>112,100</u>	<u>495,100</u>	<u>88,150</u>	<u>(406,950)</u>
Expenditures:				
Current:				
Services And Other Operating Expenditures	--	5,000	4,387	613
Capital Outlay	235,471	510,471	935,571	(425,100)
Total Expenditures	<u>235,471</u>	<u>515,471</u>	<u>939,958</u>	<u>(424,487)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(123,371)</u>	<u>(20,371)</u>	<u>(851,808)</u>	<u>(831,437)</u>
Other Financing Sources (Uses):				
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	(123,371)	(20,371)	(851,808)	(831,437)
Fund Balance, July 1	516,015	516,015	516,015	--
Fund Balance, June 30	<u>\$ 392,644</u>	<u>\$ 495,644</u>	<u>\$ (335,793)</u>	<u>\$ (831,437)</u>

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

	Fiscal Years**				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability (asset)	0.019995%	0.021535%	0.021661%	0.021349%	0.022295%
District's proportionate share of the net pension liability (asset)	\$ 11,684,379	\$ 14,498,223	\$ 17,519,438	\$ 19,743,861	\$ 20,490,991
State's proportionate share of the net pension liability (asset)	<u>7,055,603</u>	<u>7,667,941</u>	<u>9,974,972</u>	<u>11,680,397</u>	<u>11,732,108</u>
Total	<u>\$ 18,739,982</u>	<u>\$ 22,166,164</u>	<u>\$ 27,494,410</u>	<u>\$ 31,424,258</u>	<u>\$ 32,223,099</u>
District's covered-employee payroll	\$ 8,914,701	\$ 10,321,655	\$ 10,832,861	\$ 11,251,470	\$ 11,872,184
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	131.07%	140.46%	161.72%	175.48%	172.60%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

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

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

	Fiscal Year				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 916,563	\$ 1,162,367	\$ 1,415,435	\$ 1,712,855	\$ 2,018,570
Contributions in relation to the contractually required contributions	<u>(916,563)</u>	<u>(1,162,367)</u>	<u>(1,415,435)</u>	<u>(1,712,855)</u>	<u>(2,018,570)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,321,655	\$ 10,832,861	\$ 11,251,470	\$ 11,872,184	\$ 12,399,819
Contributions as a percentage of covered-employee payroll	8.88%	10.73%	12.58%	14.43%	16.28%

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

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

	Fiscal Years**				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability (asset)	0.020699%	0.024283%	0.023985%	0.024771%	0.025361%
District's proportionate share of the net pension liability (asset)	\$ 2,349,844	\$ 3,579,284	\$ 4,737,107	\$ 5,913,587	\$ 6,762,002
District's covered-employee payroll	\$ 2,175,530	\$ 2,681,471	\$ 2,892,555	\$ 3,114,350	\$ 3,366,169
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.01%	133.48%	163.77%	189.88%	200.88%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%

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

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

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

	Fiscal Years				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 315,636	\$ 342,681	\$ 432,521	\$ 522,812	\$ 643,768
Contributions in relation to the contractually required contribution	<u>(315,636)</u>	<u>(342,681)</u>	<u>(432,521)</u>	<u>(522,812)</u>	<u>(643,768)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 2,681,471	\$ 2,892,555	\$ 3,114,350	\$ 3,366,169	\$ 3,564,223
Contributions as a percentage of covered-employee payroll	11.771%	11.847%	13.888%	15.531%	18.062%

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

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS*

	Fiscal Year**	
	2018	2019
Total OPEB Liability		
Service Cost	\$ 331,426	\$ 340,540
Interest	280,457	305,937
Benefit payments	<u>(205,916)</u>	<u>(214,153)</u>
Net change in total OPEB liability	<u>405,967</u>	<u>432,324</u>
Total OPEB liability - beginning	<u>4,465,310</u>	<u>4,871,277</u>
Total OPEB liability - ending	<u><u>\$ 4,871,277</u></u>	<u><u>\$ 5,303,601</u></u>
Plan Fiduciary Net Position		
Employer contributions	\$ 755,916	\$ 214,153
Expected investment income	198,914	130,653
Investment Gains/Losses	-	47,839
Benefit payments	(205,916)	(214,153)
Administrative expense	<u>(7,502)</u>	<u>(5,605)</u>
Net change in plan fiduciary net position	<u>741,412</u>	<u>172,887</u>
Plan fiduciary net position - beginning	<u>1,368,695</u>	<u>2,110,107</u>
Plan fiduciary net position - ending	<u><u>\$ 2,110,107</u></u>	<u><u>\$ 2,282,994</u></u>
District's net OPEB liability - ending	<u><u>\$ 2,761,170</u></u>	<u><u>\$ 3,020,607</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	43.32%	43.05%
Covered-employee payroll	\$ 14,563,025	\$ 15,418,353
District's net OPEB liability as a percentage of covered-employee payroll	18.96%	19.59%

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

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

Supplementary Information Section

FOWLER UNIFIED SCHOOL DISTRICT
ORGANIZATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The District was established on July 15, 1908, and is comprised of an area of 39 square miles located in Fresno County. There were no changes in the boundaries of the District during the year ended June 30, 2018. The District is currently operating three elementary schools, one middle school, one high school, one continuation school, two community day schools, and one independent study school.

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Fred Valle	President	November 2020
Darlene Martin	Clerk	November 2020
Henry Murrieta	Member	November 2022
Arthur Rojas	Member	November 2022
Mark Stockwell	Member	November 2022

Administration

Paul M. Marietti, Ed.D.
 District Superintendent since August 8, 2019

Scott Griffin
 District Superintendent since July 1, 2018 to May 8, 2019

Lori Gonzalez
 Associate Superintendent since September 14, 2016 to May 8, 2019
 and August 8, 2019 to August 13, 2019
 Interim Superintendent May 9, 2019 to August 7, 2019

Ron Hudson
 Interim Assistant Superintendent since July 8, 2019 to September 27, 2019

Gary Geringer
 Assistant Superintendent since July 1, 2018 to June 30, 2019

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>*Second Period Report</u>	<u>*Annual Report</u>
TK/K-3:		
Regular ADA	721	722
Community Day School	-	-
TK/K-3 Totals	<u>721</u>	<u>722</u>
Grades 4-6:		
Regular ADA	572	571
Community Day School	-	1
Grades 4-6 Totals	<u>572</u>	<u>572</u>
Grades 7 and 8:		
Regular ADA	403	400
Community Day School	3	5
Grades 7 and 8 Totals	<u>406</u>	<u>405</u>
Grades 9-12:		
Regular ADA	774	769
Community Day School	13	15
Grades 9-12 Totals	<u>787</u>	<u>784</u>
ADA Totals	<u>2,486</u>	<u>2,483</u>

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

*The Schedule of Audit Findings and Questioned Costs refers to finding No. 2019-001 and notes that as a result of the finding the change in ADA at P-2 and Annual Reporting Periods was less than one ADA, therefore we did not recommend for the District to revise its P-2 or Annual Report of Attendance.

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

<u>Grade Level</u>	<u>Annual Minutes Requirement</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
TK/Kindergarten	36,000	56,640	180	N/A	In Compliance
Grade 1	50,400	52,015	180	N/A	In Compliance
Grade 2	50,400	52,015	180	N/A	In Compliance
Grade 3	50,400	59,560	180	N/A	In Compliance
Grade 4	54,000	59,560	180	N/A	In Compliance
Grade 5	54,000	59,560	180	N/A	In Compliance
Grade 6	54,000	63,530	180	N/A	In Compliance
Grade 7	54,000	63,530	180	N/A	In Compliance
Grade 8	54,000	63,530	180	N/A	In Compliance
Grade 9	64,800	64,899	180	N/A	In Compliance
Grade 10	64,800	64,899	180	N/A	In Compliance
Grade 11	64,800	64,899	180	N/A	In Compliance
Grade 12	64,800	64,899	180	N/A	In Compliance

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46201 or 46207, as applicable. This schedule is required of all districts, including basic aid districts.

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

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2019

<u>General Fund</u> ⁽²⁾	(Budget) ⁽¹⁾			
	2020	2019	2018	2017
Revenues and Other Financial Sources	\$ 32,714,206	\$ 33,506,054	\$ 30,474,118	\$ 29,476,783
Expenditures	32,667,129	32,717,125	29,302,215	28,308,008
Other Uses and Transfers Out	-	685,812	1,046,244	-
Total Outgo	32,667,129	33,402,937	30,348,459	28,308,008
Change in Fund Balance (Deficit)	47,077	103,117	125,659	1,168,775
Ending Fund Balance	\$ 5,419,880	\$ 5,372,803	\$ 5,269,686	\$ 5,144,027
Available Reserves ⁽³⁾	\$ 987,857	\$ 981,980	\$ 939,484	\$ 991,897
Available Reserves as a Percentage of Total Outgo	3.02%	2.94%	3.10%	3.50%
Total Long-Term Debt	\$ 64,835,413	\$ 66,598,649	\$ 65,465,359	\$ 59,334,680
Average daily attendance	2,492	2,486	2,497	2,467

- (1) Budget 2020 is included for analytical purposes only and has not been subjected to audit.
- (2) For the year ended June 30, 2017, the Special Reserve Fund for Other Than Capital Outlay Projects has been included due to its consolidation into the General Fund.
- (3) Available reserves consist of all unassigned fund balance and all funds reserved for economic uncertainties contained within the General Fund.

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

The General Fund balance has increased by \$228,776 over the past two years. The fiscal year 2019-20 budget projects an increase of \$47,077 (0.87%). For a district of this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo). The District fell slightly short of the recommended reserves however, the District's percentage includes the State's On-Behalf payments for CalSTRS and CalPERS under total outgo.

The District has not incurred operating deficits in the past three years and does not anticipate incurring an operating deficit during the 2019-20 fiscal year. Total long-term debt has increased by \$7,263,969 over the past two years. This increase is in part a result of the District adopting GASB Statement No. 75 in 2017-18 thus recognizing an increase in its Net OPEB liability, as well an increase in the District's proportionate share of CalPERS and CalSTRS pension liability per GASB 68.

Average daily attendance has increased by 19 over the past two years. An increase of six ADA is anticipated during fiscal year 2019-20.

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Madera County Superintendent of Schools (MCSOS):			
Medicaid Cluster:			
Medi-Cal Billing Option	93.778	10013	\$ 11,352
Medi-Cal Administrative Activities (MAA)	93.779	10060	36,336
Subtotal - Medicaid Cluster			<u>47,688</u>
Total Passed through MCSOS			<u>47,688</u>
Total U.S. Department of Health and Human Services			<u>47,688</u>
U.S. Department of Education:			
Passed through California Department of Education (CDE):			
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	865,876
ESSA: Title I, Part C, Migrated ED (Regular and Summer Program)	84.011	14326	1,771
Special Education (IDEA) Cluster:			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	405,635
Special Ed: IDEA Preschool Grants, Part B, Sec 619	84.173	13430	6,702
Subtotal Special Education (IDEA) Cluster			<u>412,337</u>
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	84.048	14894	22,320
ESSA: Title III, Immigrant Education Program	84.365	15146	3,344
ESSA: Title III, English Learner Student Program	84.365	14346	62,169
Subtotal			<u>65,513</u>
ESSA: Title II, Part A, Supporting Effective Instruction	84.367	14341	98,996
ESSA: Title IV, Part A, Student Support & Academic Enrichment	84.424	15396	56,719
Total Passed through CDE			<u>1,523,532</u>
Total U.S. Department of Education			<u>1,523,532</u>
U.S. Department of Agriculture:			
Passed through CDE:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	13390	357,814
National School Lunch Program	10.555	13391	895,259
National School Lunch Program (Snack)	10.555	13755	18,398
Food Distribution - Commodities	10.555	13391	140,494
Subtotal - Child Nutrition Cluster			<u>1,411,965</u>
Child & Adult Care Food Program	10.558	13393	283,971
Total U.S. Department of Agriculture			<u>1,695,936</u>
Total Expenditures of Federal Awards			<u>\$ 3,267,156</u>

The accompanying notes are an integral part of this schedule.

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Basis of Presentation

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

Summary of Significant Accounting Policies

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

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

Non-Cash Assistance

Non-cash assistance in the form of donated foods was received from California Department of Education as a pass-through grant from the U.S. Department of Agriculture. The District reports the donated foods received on the Schedule at the fair value at time of receipt. The amount received during 2018-19 was \$140,494.

Other Independent Auditor's Reports

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

	General Fund	Pupil Transportation Equipment Fund	Building Fund	Other Governmental Funds
June 30, 2019 Annual Financial and Budget Report (SACS) Fund Balances	<u>\$ 5,297,702</u>	<u>\$ (317,810)</u>	<u>\$ 9,209,656</u>	<u>\$ 4,151,578</u>
Adjustments and Reclassifications:				
Increase (Decrease) in Fund Balance:				
Cash with Fiscal Agent Overstatement	-	-	-	(7,431)
Accounts Receivable Understatement	57,118	-	-	-
Accounts Payable Understatement	-	-	(150,274)	-
Due To/Due From Understatement/(Overstatement)	<u>17,983</u>	<u>(17,983)</u>	<u>-</u>	<u>-</u>
Net Adjustments and Reclassifications	<u>75,101</u>	<u>(17,983)</u>	<u>(150,274)</u>	<u>(7,431)</u>
June 30, 2019 Audited Financial Statement Fund Balances	<u>\$ 5,372,803</u>	<u>\$ (335,793)</u>	<u>\$ 9,059,382</u>	<u>\$ 4,144,147</u>
				Noncurrent Liabilities
June 30, 2019 Annual Financial and Budget Report - Form Debt				<u>\$ 63,323,206</u>
Adjustments and Reclassifications:				
Increase (Decrease) in Total Liabilities:				
Net Pension Liability				1,595,545
Net OPEB Liability				184,437
General Obligation Bonds Payable				5,376
Accreted interest				755,806
Bond Premium				728,398
Compensated absences				<u>5,881</u>
Net Adjustments and Reclassifications				<u>3,275,443</u>
June 30, 2019 Noncurrent Liabilities				<u>\$ 66,598,649</u>

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

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
Fowler Unified School District
Fowler, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fowler Unified School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Fowler Unified School District's basic financial statements, and have issued our report thereon dated February 6, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be significant deficiencies.

Compliance and Other Matters

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

Fowler Unified School District's Response to Findings

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

Purpose of this Report

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

*Borchardt, Corona, Faeth
& Hakavian*

Fresno, California
February 6, 2020

Independent Auditor's Report on State Compliance

Board of Trustees
Fowler Unified School District
Fowler, California

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

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

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No(See Below)
Continuation Education	No(See Below)
Instructional Time:	
School Districts	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A

Procedures in
Audit Guide
Performed?

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:

Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A

**SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND
CHARTER SCHOOLS:**

California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A

CHARTER SCHOOLS:

Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

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

We did not perform testing for independent study or continuation education because ADA related to these programs was under the level that requires testing.

Opinion on State Compliance

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the above requirements, which are required to be reported in accordance with the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the California Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002. Our opinion on state compliance is not modified with respect to these matters.

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

*Borchardt, Corona, Faith
& Spakavian*

Fresno, California
February 6, 2020

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

Board of Trustees
Fowler Unified School District
Fowler, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fowler Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fowler Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Fowler Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fowler Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fowler Unified School District's internal control over compliance.

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

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

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

*Borchardt, Corona, Faeth
& Gukavian*

Fresno, California
February 6, 2020

Findings and Recommendations Section

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Summary of Auditor's Results

1. Financial Statements

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

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

Noncompliance material to financial statements noted? _____ Yes X No

2. Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected

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

Auditee qualified as low-risk Auditee? X Yes _____ No

3. State Awards

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

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

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

State Awards Findings and Questioned Costs

Finding Identification

2019 - 001 Attendance - Records #10000

Criteria or Specific Requirement

Education Code Section 46000

Condition

During our attendance tracing procedures for our sample of teachers for the district's middle school site, we noted one apportionment day of attendance was incorrectly claimed for a student. The student was absent for the day as noted on the district's absence phone log. We considered the incident to be a one time oversight after our discussion with the district's attendance clerk and the secretary at the site and also noting no further exceptions after completing our sample of attendance tracing for the site during our sampled test month which included tracing student attendance to signed teacher rosters for 60 plus students.

Effect

ADA was overstated on the district's P-2 Report of Attendance and Annual Report of Attendance by 0.008 and 0.006 respectively.

Cause

The school secretary inadvertently marked the student present in the attendance software of the school and overlooked the absence log.

Questioned Costs

The questioned costs for the overstated P-2 ADA of 0.008 is \$77.

Identification of Repeat Finding

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

Recommendation

The school site staff involved in recording attendance on the district's attendance software should exercise further caution when noting attendance for students who are absent on a school day at the district.

Views of responsible officials and planned corrective actions

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

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

State Award Findings and Questioned Costs

Finding Identification

2019 – 002 *State Compliance – Unduplicated Local Control Funding Formula Pupil Counts #40000*

Criteria or Specific Requirement

Education Code Section 2574

Condition

During our analysis of the District’s certified “1.18 – FRPM/English Learner/Foster Youth-Student List” report we determined seven students were incorrectly designated as Free or Reduced Priced Meal Eligible (FRPM). We found the seven exceptions in our original sample of 43 students. The District did not have supporting documentation for the designation of each student. We expended our procedures to test 20 additional student designations from the two school sites in question and did not find any further exceptions.

Effect

The District overstated their Unduplicated Local Control Funding Formula Pupil Count by seven pupil counts. The total effect on the Unduplicated Pupil Count is detailed in the schedule below:

Total Unduplicated Pupil Count

Enrollment

CALPADS Alternative Adjusted Enrollment	<u>7,792</u>
---	--------------

Unduplicated Pupil Count

CALPADS Alternative Adjusted Unduplicated Pupil Count	<u>6,045</u>
---	--------------

Unduplicated Pupil Count Adjustment Based on Eligibility for Free or Reduced Priced Meal	0
--	---

Unduplicated Pupil Count Adjustment Based on Eligibility Designation	(7)
--	-----

Adjusted Unduplicated Pupil Count	<u><u>6,038</u></u>
-----------------------------------	---------------------

Cause

The District did not properly review the CALPADS report to verify proper designation of all students on the certified “1.18 – FRPM/English Learner/Foster Youth-Student List” report.

Questioned Costs

Using the “Estimating the Cost of an LCFF Unduplicated Pupil County Audit Finding” Calculator Form made available by CDE, the estimated questioned costs are \$13,333. Per the Form, the District’s Unduplicated Pupil Percentage was reduced from 77.58% to 77.49%.

Identification of Repeat Finding

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

Recommendation

The District should implement a thorough review process each year to determine the proper designation of pupils as of the fall certified CALPADS date.

Views of responsible officials and planned corrective actions

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

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Financial Statement Findings and Questioned Costs

Finding Identification

2019 – 003 Internal Controls – Accounting for Cash in Bank Accounts #30000

Criteria or Specific Requirement

Procedure 330 in the California School Accounting Manual (CSAM) and accounting principles generally accepted in the United States of America require internal controls to safeguard and preserve assets, protect against improper fund disbursement, and to ensure all transactions are recorded.

Condition

During the audit we noted the following items of concern with the processes used by the District to account for Cash in Bank, Bank Clearing Accounts, Revolving Cash Accounts and Student Body Funds held in Bank:

1. The District has the following Cash In Bank, Bank Clearing Accounts and Revolving Cash Accounts which did not have bank reconciliations completed during the year:
 - a. General Fund: Revolving Cash Account, Clearing Bank Account and Farm Cash in Bank Account.
 - b. Cafeteria Fund: Cafeteria Revolving Account, Cafeteria Clearing Account for Fowler High School, Fremont Elementary School, Malaga Elementary School, Marshall Elementary School and Sutter Middle School.
 - c. Enterprise Fund: Fowler Early Education Center Clearing Account

While the bank accounts related to Cafeteria Fund had the District's accounts payable clerk review cash count sheets and bank deposit permits for food sales receipts collected at the school sites against the bank statements for proper deposit, the review was not done timely. Separately a significant part of the receipts deposited into the Sutter Middle School Cafeteria Clearing Account were from online bank card payments from parents of the District for food sales for which a review or reconciliation seemed to not be in place.

The District also maintains bank accounts for Student Body Accounts and Scholarship Accounts for which funds are held in a custodial manner. Bank Reconciliations were also missing for some of these accounts.

2. The Cafeteria Clearing Accounts showed several concerning practices: We noted deposits of the food sales receipts were not timely deposited into the corresponding bank account on a consistent basis. When transferring clearing account cash to County Treasury, all account balances were first transferred to the Sutter Middle School clearing account and then to County Treasury. This procedure combined with lack of bank reconciliations seemed to offer an unclear audit trail of completeness of food sales receipts deposits. Furthermore, the District notified us that food sales receipts of approximately \$5,000 collected by a couple of the sites of the District did not get deposited into the bank and are currently missing. Per our procedures during the audit on this matter, the cause and person who took the funds is unknown. A police report has been filed and the Board has been notified of the situation.
3. The District's General Fund Clearing Account held large deposits from developer fees, federal and state national school lunch program reimbursements, solar and PG&E rebates, E-rate discounts, Early Education Center Parent Fees and on occasions grant award receipts received at the District office during the year. These receipts should be deposited directly to the District's treasury account and accounted for in the proper District fund. We were able to trace and confirm the material portion of these deposits were deposited into the District's County Treasury account and appropriate fund of the District as of June 30, 2019. However, the deposits did not happen on a timely basis with delays of more than a couple of months at times.

FOWLER UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Financial Statement Findings and Questioned Costs

Finding Identification

2019 – 003 Internal Controls – Accounting for Cash in Bank Accounts #30000 (Continued):

4. There was some operating activity between the revolving/clearing bank accounts held by the District. We observed, transfers of funds between the District's General Fund Clearing Account, Revolving Account, Fund 13 Cafeteria Revolving and Clearing Accounts as well as a few checks written to Student Body bank accounts from the District's Revolving Account. Upon inquiry with the District, it seems these transfers were to repay for operating expenditures or loans made between the General Fund, Cafeteria Fund and Student Body Funds at the District. As described in the CSAM, Clearing Accounts held by the District should function as a cash in bank account to hold money awaiting timely deposit in the County Treasury; the revolving accounts should be used like a petty cash account and should be a sum of money set aside for the purpose of making change or immediate payments of small amounts, the revolving fund is a reserve of cash in an already established fund and is not to be considered or accounted for as a separate fund.
5. The Sutter Middle School Cafeteria Clearing Account and the Fowler Early Education Center Clearing Account receive online payments through Heartland Payment Systems from Food Sales and Parent Fees. We noticed there is not a documented reconciliation of the District's tracking records, the Cash in Bank Clearing Accounts and the Monthly Heartland Statements to ensure receipts from the online payments are properly recorded during the year.
6. The normal impress balance for the District's Clearing Accounts is currently not noted on the District's books under object code 9130. Some of these bank accounts had minor amounts of funds held at June 30, 2019 which were not noted on the District's books.

Effect

The opportunity for misappropriation of funds exists due to the weakness in internal controls.

Cause

Per inquiry with the District, shortage of manpower contributed to the conditions described. We noted the District experienced turn over in management during the last few years which also may have contributed to lack of review and oversight over accounting practices at the District.

Questioned Costs

None

Identification of Repeat Finding

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

Recommendation

The CSAM guidelines for Cash in Bank, Clearing Accounts and Revolving Accounts should be followed. Proper implementation of controls over these accounts should be implemented to include timely reconciliations, oversight and review.

Views of responsible officials and planned corrective actions

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

FOWLER UNIFIED SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

State Award Finding and Questioned Costs

Finding Identification

2019 – 001 *Attendance – Records* #10000

Name of contact person: Gloria Regier

Corrective Action: The district will review the attendance procedures for students that are shown as present for one period only.

Proposed Completion Date: 9/30/2020

Finding Identification

2019 – 002 *State Compliance – Unduplicated Local Control Funding Formula Pupil Counts* #40000

Name of contact person: Anthony Peters

Corrective Action: Anthony Peters will implement a review process to determine proper designation of pupils for fall certification.

Proposed Completion Date: June 30th, 2020

Finding Identification

2019 – 003 *Internal Controls – Accounting for Cash in Bank Accounts* #30000

Name of contact person: May Yang

Corrective Action: The district is no longer using the clearing account or revolving account to deposit checks received. All checks received are being directly deposited at the County Treasurer's Office and applied directly to the proper Fund. All transfers and cash loans will now occur through the County Office by making a request and no longer through the clearing/revolving accounts. The district will implement monthly bank reconciliations of all accounts. All clearing/holding accounts will be cleared monthly after reconciliations are completed. Reconciliations will be done by each department or owner of account and the business office will clear and deposit funds accordingly at the County Treasurer. All revolving accounts will be used like a "petty cash" account with minimal transactions and reserved only for emergency cases. Revolving accounts will be replenished monthly after bank reconciliations are completed.

Proposed Completion Date: Changes already in place and being implemented.

FOWLER UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

1. **Finding/Recommendation**

While auditing kindergarten continuance at the district we identified three pupils enrolled in kindergarten during 2017-18 who were not properly retained. Two of the pupils did not have a proper kindergarten continuance form on file and the third pupil had a kindergarten continuance form that was not dated near the anniversary date.

It was recommended that the District should ensure that students are properly retained in Kindergarten and if applicable process a continuance form that is in compliance with state guidelines. The District should also submit a revised P-2 and Annual Report of Attendance to the California Department of Education which reflects the change in ADA resulting from this finding.

Current Status

Implemented

District Explanation if Not Implemented

Not Applicable



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

◆◆◆
Thomas R. Borchardt, CPA
Consultant

Board of Trustees
Fowler Unified School District
Fowler, California

In planning and performing our audit of the financial statements of Fowler Unified School District (District) for the year ended June 30, 2019 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of matters discussed below that are opportunities to strengthen internal controls and operating efficiency. This letter does not affect our report dated February 6, 2020, on the financial statements of the District which also includes our report on the District's internal control.

In performing our Single Audit procedures, we use the 2 CFR 200.516(a) Audit Findings Reported to determine if items found during the audit should be reported as audit findings. The management comments noted below related to federal programs, based on our audit procedures and criteria established in section 200.516(a) Audit Findings Reported, were not required to be reported as findings since they were not considered reportable conditions which are significant deficiencies and material weaknesses in internal control over major programs and significant instances of abuse relating to major programs, were not material noncompliance, did not have known questioned costs greater than \$25,000 for the major programs or other federal programs which were not audited as major programs, and were not fraud affecting the federal awards.

Title I, Part A (Federal Catalog Number 84.010)

Supplement Not Supplant (SNS)

Title I, Part A funds shall be used to supplement, not supplant non-federal funds pursuant to Every Student Succeeds Act (ESSA) Section 1114 (a)(3)(B). Compliance under ESSA is no longer determined based on an analysis of individual Title I expenditures or obligations. Instead, LEAs must demonstrate that the methodology used to allocate funds to each school receiving Title I funds ensures that such school receives all of the state and local funds otherwise received if the school were not receiving Title I funds. There are LEAs that, in whole or in part, do not need to have a methodology to comply such as an LEA with a single school site; only Title I schools; or a grade span that contains only: a single school, non-Title I schools, or Title I schools.

During our compliance audit, we noted that the District did not formally document this methodology during the 2018-19 fiscal year. The District should formally review and document its methodology used to allocate funds to each school receiving Title I funds. The California Department of Education has posted a Non-Regulatory Informational Document on their website at (<https://www.cde.ca.gov/sp/sw/t1/supplementnotsupplant.asp>) that can be used as a reference to properly document this methodology during the fiscal year ending June 30, 2020.

Allowable/Allocable Costs

Title I, Part A funds may be used for professional development if the coursework is directly related to the teacher assignment or related to instructional strategies to meet the need of struggling students and meets the professional needs identified in the needs assessment process.

We noted during our testing that coursework for enhancing teacher quality (Title II) expenses were journaled from Title II to Title I in error. Subsequent to our notification of the error and prior to final closeout of the accounting period the District reclassified the expenditure back to the original resource thereby correcting the issue. We recommend that all items charged to Title I are thoroughly reviewed to ensure that only allowable and allocable costs are charged to the Program.

Accounting transactions and Internal Controls

While conducting our audit, we noted the following matters involving the accounting, reporting and internal controls in several areas of the audit, which we offer as constructive suggestions for your consideration as part of an ongoing process of improving accounting controls and reporting.

- Property and Equipment Accountability: During our review of the district's reconciliation of current year additions, deletions and calculation of depreciation on total fixed assets we noted discrepancies in the tracking and maintenance of accountability for all fixed assets (Includes building, building and site improvements and equipment). We recommend that the fixed asset depreciation schedule be adjusted throughout the year to stay current with all additions and deletions of Property and Equipment. We recommend the use of a fixed asset accounting system or a spreadsheet system that accounts for each addition to the various categories of assets being capitalized and construction in progress to properly track activity to date of completion and capitalization.
- Use of Purchase Orders: During our review of expenditures we noted several instances where purchase orders were not included with the voucher package supporting the expense or were prepared after the fact. In order to exercise proper control and monitoring of expenses in conjunction with budgeted expenses it is recommended that all expenditures be supported by an approved purchase order along with a check requisition and appropriate invoice or document supporting the expense. In our review of adopted procedures based on our walkthrough of the District procedures require a Purchase Order as part of the Voucher Package. We recommend that personnel be reminded and required to follow procedures in order to strengthen internal controls and provide complete documentation for approved expenses. The lack of approved Purchase Orders increases the potential for purchase that may not be budgeted or approved.
- Payroll Approvals: During a walkthrough of the District's payroll procedures and internal control implementation, we noted the April 2019 supplemental pay for the SARB coordinator did not have proper approvals documented on file to support the payroll disbursement. We recommend a written agreement or timesheet which clearly itemizes pay for all employees with proper approval signatures by supervisors holding oversight is kept on file at the district prior to processing payroll disbursements. This will reduce the risk of district funds being misappropriated.
- Interfund Transfers: During the audit, we noted three large transfers between funds at the District which did not have proper and or timely board resolutions authorizing the transfers. Two of the transfers were from the General Fund to the Retiree Fund for the purpose of transferring solar savings and transferring an annual contribution; while the third transfer was from the Retiree Fund to the Pupil Transportation Fund as a temporary loan while the district received an expected grant for the purchase of buses. The Board was notified of these transfers in the following fiscal year and approved them at that time. We recommend that when processing a large transfer between funds at the District, as a good internal control practice, the Board should be made aware of the intention to make the transfer and a Board resolution is processed noting the Board's authorization prior to processing the transfer.

Also noted during our audit, solar credit receipts of \$ 73,116 plus the transfer of the solar credits noted above were recorded as local revenue in the Retiree Benefit Fund. However, the proper accounting for the solar credits receipts should be to record them in the original fund where the solar improvement purchase cost was incurred by the District and then if the intention is to help build reserves in the Retiree Benefit Fund with these receipts, a properly authorized transfer

should be processed by the District. The proper accounting will align with the proper use of the Retiree Benefit Fund according to the California School Accounting Manual (CSAM).

We will review the status of these comments during our next audit engagement. We have already discussed these comments with District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

We wish to thank the District staff for their support and assistance during our audit.

This report is intended solely for the information and use of management, the Board, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

*Borchardt, Corona, Faeth
& Zakarian*

BORCHARDT, CORONA, FAETH & ZAKARIAN

Fresno, California
February 6, 2020

APPENDIX D

PROPOSED FORMS OF OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Lozano Smith, LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series B Bonds in substantially the following form:

[LETTERHEAD OF LOZANO SMITH]

_____, 2020

Board of Education
Fowler Unified School District
658 East Adams Avenue
Fowler, CA 93625

\$12,000,000
FOWLER UNIFIED SCHOOL DISTRICT
(FRESNO COUNTY, CALIFORNIA)
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES B

FINAL OPINION OF BOND COUNSEL

Ladies and Gentlemen:

We have acted as bond counsel to the Fowler Unified School District (the "District") in connection with the issuance by the District of its Fowler Unified School District (Fresno County, California) General Obligation Bonds, Election of 2016, Series B in the aggregate principal amount of \$12,000,000 (the "Bonds"), issued under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof (the "Bond Law") and under a Resolution adopted by the Board of Education of the District on March 11, 2020 (the "Bond Resolution"). The Bonds were sold to Piper Sandler & Co., as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement, dated April 6, 2020 (the "Bond Purchase Agreement"), between the District and the Underwriter.

In such connection, we have examined the Bond Resolution, the Bond Law, the tax certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions 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 or conclusions may be affected by actions taken or omitted or events occurring after 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 the date hereof. 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. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, 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 in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, dated April 6, 2020.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bond Resolution has been duly adopted by the Board of Education of the District and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
2. The Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District and the Board of Supervisors of the County of Fresno is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.
3. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.
4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a

guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Lozano Smith, LLP

Upon the delivery of the Bonds, Lozano Smith, LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Refunding Bonds in substantially the following form:

[LETTERHEAD OF LOZANO SMITH]

_____, 2020

Board of Education
Fowler Unified School District
658 East Adams Avenue
Fowler, CA 93625

§ _____
**FOWLER UNIFIED SCHOOL DISTRICT
(FRESNO COUNTY, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS**

FINAL OPINION OF BOND COUNSEL

Ladies and Gentlemen:

We have acted as bond counsel to the Fowler Unified School District (the "District") in connection with the issuance by the District of its Fowler Unified School District (Fresno County, California) 2020 General Obligation Refunding Bonds, in the aggregate principal amount of \$4,330,000 (the "Refunding Bonds"), issued under the provisions of Articles 9 and 11 (commencing with Sections 53550 and 53580, respectively) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Bond Law") and under a Resolution adopted by the Board of Education of the District on March 11, 2020 (the "Bond Resolution"). The Refunding Bonds were sold to Piper Sandler & Co., as Underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement, dated April 6, 2020 (the "Bond Purchase Agreement"), between the District and the Underwriter.

In such connection, we have examined the Bond Resolution, the Refunding Bond Law, the tax certificate, dated the date hereof and executed by the District (the "Tax Certificate"), the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated the date hereof and executed by the District (the "Continuing Disclosure Certificate"), certificates of the District and others, and such other law, documents, opinions and matters to the extent we deemed necessary to render the opinions or conclusions set forth herein.

The opinions and conclusions 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 or conclusions may be affected by actions taken or omitted or events occurring after 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 the date hereof. 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. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Refunding Bonds, the Bond Resolution, the Tax Certificate, the Continuing Disclosure Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, 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 in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Refunding Bonds, dated April 6, 2020.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bond Resolution has been duly adopted by the Board of Education of the District and the Bond Resolution constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.
2. The Refunding Bonds have been duly authorized, issued and sold by the District and are valid and binding general obligations of the District and the Board of Supervisors of the County of Fresno is obligated and authorized under the laws of the State of California to levy and collect *ad valorem* taxes, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property in the District for the payment when due of the principal of and interest on the Refunding Bonds.
3. Interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and the Tax Certificate and other instruments relating to the Refunding Bonds to comply with each of such requirements under the Code. Failure to comply with certain of such requirements under the Code may cause the inclusion of interest on the Refunding Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds.
4. The interest on the Refunding Bonds is exempt from personal income taxation imposed by the State of California.

Except as stated in the preceding paragraphs, we express no opinion as to any federal or state tax consequences of the receipt of interest on, or the ownership or disposition of, the Refunding Bonds.

Our opinions are based on existing law, which is subject to change. The opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a

guarantee of results. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

Lozano Smith, LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$12,000,000
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
GENERAL OBLIGATION BONDS,
ELECTION OF 2016, SERIES B

\$4,330,000
FOWLER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
2020 GENERAL OBLIGATION REFUNDING BONDS

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated May 5, 2020, is executed and delivered by the Fowler Unified School District (the “District”) in connection with the issuance of \$12,000,000 aggregate principal amount of Fowler Unified School District General Obligation Bonds, Election of 2016, Series B (the “Series B Bonds”) and the \$4,330,000 aggregate principal amount of Fowler Unified School District 2020 General Obligation Refunding Bonds (the “Refunding Bonds” and, together with the Series B Bonds, the “Bonds”). The District covenants and agrees as follows:

- 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5). The Bonds are issued pursuant to two Resolutions, one for the Series B Bonds and one for the Refunding Bonds, each adopted by the Board of Education of the District on March 11, 2020 (the “District Resolutions”).
- 2. Definitions.** In addition to the definitions set forth in the District Resolutions, 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*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“*Annual Report Date*” means the date that is nine months after the end of the District’s fiscal year (currently March 31 based on the District’s fiscal year end of June 30).

“*Beneficial Owner*” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“*Dissemination Agent*” means, initially, Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, and any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

“*Financial Obligation*” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of either of the foregoing (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Events*” means any of the events listed in Section 5(a) or (b) hereof.

“*MSRB*” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made in electronic format through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>, accompanied by such identifying information as is prescribed by the MSRB.

“*Official Statement*” means the Official Statement, dated April 6, 2020 (including all exhibits or appendices thereto), relating to the offering and sale of Bonds.

“*Owner*” means the person in whose name any Bond shall be registered.

“*Participating Underwriter*” means the original Underwriter of the Bonds, Piper Sandler & Co., required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934.

3. *Provision of Annual Reports.*

(a) The District shall cause the Dissemination Agent to provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 fiscal year, which shall be filed by no later than March 31, 2021. The Annual Report may include by reference other information as provided in Section 4 hereof; provided, however, 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. If the District’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) If the District is unable to file, or cause the Dissemination Agent to file, an Annual Report with the MSRB by the date required in subsection (a) of this Section, the District shall, in a timely manner, file or cause the Dissemination Agent to file with the MSRB through the EMMA System, a notice in substantially the form attached as *Exhibit A*.

(c) The Dissemination Agent shall determine each year prior to the Annual Report Date the electronic filing requirements of the MSRB for the Annual Reports. If the Dissemination Agent is other than the District or an official of the District, then the Dissemination Agent shall file a report with the District certifying that the Annual Report has been filed with the MSRB pursuant to this Disclosure Certificate, stating the date it was so filed and confirming it was filed with the MSRB through the EMMA System.

4. *Content of Annual Reports.* The Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants 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 4(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the 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.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(1) The District's most recent approved annual budget;

(2) The most recent assessed value of taxable property in the District;

(3) If Fresno County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, then the most recent property tax levies, collections and delinquencies of the District; and

(4) The most recent list of the top twenty property owners in the District, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the EMMA System or the SEC. If the document incorporated by reference is a final official statement, it must be available to the public on the MSRB website. The District shall clearly identify each such other document so included by reference.

5. *Reporting of Listed Events.*

(a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) 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 or failure to perform by any credit provider;
- (5) Issuance by the Internal Revenue Service of an adverse tax opinion, a 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 District; and
- (10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District or obligated person, any of which reflect financial difficulties.

(b) For purposes of the events identified in paragraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the 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 District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or other governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(c) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

- (1) Unless described in paragraph (5) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (2) Modifications to rights of Owners;
- (3) Optional, uncheduled or contingent bond calls;
- (4) Release, substitution or sale of property securing repayment of the Bonds;
- (5) Non-payment related defaults;

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

(7) Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent; and

(8) Incurrence of a Financial Obligation of the District or obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District or obligated person, any of which affect security holders.

(d) The District shall give, or cause the Dissemination Agent to give, in a timely manner, notice of a failure to provide the Annual Report or parts thereof on or before the Annual Report Date, as provided in Section 3(b) hereof.

(e) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (c) of this Section, the District shall determine if such event would be material under applicable Federal securities laws.

(f) Whenever the District obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (c) of this Section would be material under applicable Federal securities laws, the District shall file, or shall cause the Dissemination Agent to file, within ten (10) business days of such occurrence, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (7) of subsection (a) of this Section and (3) of subsection (c) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the District Resolution.

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 Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give, or cause the Dissemination Agent to give, notice of such termination in a filing with the MSRB.

7. *Dissemination Agent.*

(a) 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.

(b) The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the District Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in this Disclosure Certificate, and no implied duties, covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent.

(c) The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Disclosure Certificate, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

(d) The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Disclosure Certificate upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Disclosure Certificate in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Disclosure Certificate and the Bonds.

8. ***Amendment; Waiver.*** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate under the following conditions, provided no amendment to this Disclosure Certificate shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the District, or type of business conducted;

(b) This Disclosure Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

9. ***Additional Information.***

(a) 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 required to

be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate.

(b) If the District chooses to include any information from any document 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 to include it in any future disclosure or notice of occurrence of a Listed Event.

10. *Default.* The District shall give notice to the MSRB through the EMMA System of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Fresno or in U.S. District Court in or nearest to the County of Fresno. A default under this Disclosure Certificate shall not be deemed an event of default under the District Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

11. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

12. *Notices.* Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Issuer: Fowler Unified School District
658 East Adams Avenue
Fowler, CA 93625

To the Participating Underwriter: Piper Sandler & Co.
2321 Rosecrans Avenue
El Segundo, CA 90245

Dated as of May 5, 2020

FOWLER UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

ACCEPTED AND AGREED TO AS DISSEMINATION AGENT:
**FIELDMAN, ROLAPP & ASSOCIATES, INC., DOING BUSINESS AS
APPLIED BEST PRACTICES**

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: FOWLER UNIFIED SCHOOL DISTRICT (Fresno County, California)

Name of Issue: \$12,000,000 aggregate principal amount of Fowler Unified School District
General Obligation Bonds, Election of 2016, Series B
/
\$4,330,000 aggregate principal amount of Fowler Unified School District 2020
General Obligation Refunding Bonds

Date of Issuance: May 5, 2020

NOTICE IS HEREBY GIVEN that the Fowler Unified School District (the "District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated May 5, 2020, executed and delivered by the District. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER OR DISSEMINATION AGENT]

By: [Form Only – no signature required]
Authorized Officer

cc: Fowler Unified School District
Piper Sandler & Co.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix 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 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (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 maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 affect 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, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

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APPENDIX G

**FRESNO COUNTY INVESTMENT POLICY STATEMENT
AND QUARTERLY INVESTMENT REPORT**

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**Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector**

County of Fresno Treasury Investment Pool

INVESTMENT POLICY

Established: 1984

Current Revision: November 5, 2019

**(559) 600-3496
Room 105
Hall of Records
2281 Tulare Street
Fresno, California 93721**

COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

INVESTMENT POLICY

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COUNTY OF FRESNO
AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR
TREASURY INVESTMENT POOL

INVESTMENT POLICY

1.0 Purpose

The Auditor-Controller/Treasurer-Tax Collector's policy is to invest public funds in a manner that will provide a market average rate of return consistent with the objectives included in this Investment Policy while meeting the daily cash flow demands of the County Treasury, and conform to all applicable state laws governing the investment of public funds.

Investments differing from this policy shall be made only in circumstances where market timing or economic trends indicate such investments are beneficial. Such investments must comply with all applicable laws and may only be made with written approval by the Auditor-Controller/Treasurer-Tax Collector.

This Investment Policy is established under Government Code sections 27133 and 53646.

2.0 Scope

This Investment Policy applies to all financial assets deposited and retained in the County of Fresno Treasury Investment Pool.

3.0 Objective

The primary objectives, in priority order, of the County of Fresno's investment activities shall be the following:

3.1 Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. Investments should be made in securities of high quality to avoid credit risk and loss of principal.

3.2 Liquidity. The investment portfolio should remain sufficiently liquid to enable the Treasury Investment Pool to meet all its operating requirements which might be reasonably anticipated.

3.3 Return on Investment. The investment portfolio shall be designed with the objective of attaining the highest interest revenue, taking into consideration the objectives of this Investment Policy and the cash flow characteristics of the portfolio.

3.4 Local Community Reinvestment. When it is in the best interest of the investment portfolio, and within the confines of other objectives enumerated in this Investment Policy, the Auditor-Controller/Treasurer-Tax Collector may give preference to local investment opportunities.

4.0 **Delegation of Authority**

The authority of the Board of Supervisors to delegate management responsibility for the County of Fresno Treasury Investment Pool is derived from GC 53607. Investment authority, in accordance with this provision, has been delegated to the Auditor-Controller/Treasurer-Tax Collector. The original delegation is in the Ordinance Code of the County of Fresno Section 2.20.080 and is subject to annual renewal by the Board of Supervisors. The Auditor-Controller/Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions (GC 53607).

No person may engage in an investment transaction for the Treasury Investment Pool except as provided under the terms of this policy and the procedures established by the Auditor-Controller/Treasurer-Tax Collector. The Auditor-Controller/Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

The County of Fresno Treasury Oversight Committee shall annually review and monitor the Investment Policy. The County of Fresno Treasury Oversight Committee shall also cause an annual audit to determine the Auditor-Controller/Treasurer-Tax Collector's compliance with this Investment Policy. The cost of the audit shall be considered an administrative cost of investing. Audit Reports are available to participants of the Treasury Investment Pool upon request (GC 27133, 27134 and 27135).

5.0 **Ethics and Conflict of Interest**

The Auditor-Controller/Treasurer-Tax Collector, the County of Fresno Treasury Oversight Committee and staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers or other persons with whom the County Treasury conducts business by any member of the County of Fresno Treasury Oversight Committee shall require the completion of an annual Statement of Economic Interests by each member to be filed with the member's respective agency. This policy sets a \$470 per current filing limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year.

6.0 **Prudence**

Investments shall be made with judgment and care, under the circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, and not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

6.1 The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk of market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

7.0 **Borrowing for Purposes of Making Investments**

The Fresno County Auditor-Controller/Treasurer-Tax Collector is prohibited from the practice of borrowing for the sole purpose of making investments.

8.0 **Authorized Investments and Limits**

All investments shall be governed by the Government Code and comply with the specific limitations set forth within this Investment Policy. Securities shall be valued at amortized cost when determining their percentage to the money in the County of Fresno Treasury Investment Pool. Additions or deviations from this list must be expressly authorized by the Government Code and approved by the Auditor-Controller/Treasurer-Tax Collector. Investments not expressly authorized by law are prohibited.

The Auditor-Controller/Treasurer-Tax Collector interprets the authorized investment limits to be based upon the portfolio allocation at the time a security is purchased. The portfolio allocation may temporarily fall outside of these limits due to maturities and fluctuations in the size of the pool after the purchase of a security. Additionally, the applicable credit ratings are interpreted to be based upon the rating at the time the security is purchased.

8.1 United States Treasury Bills, Notes, Certificates of Indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

8.2 Obligations issued by Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Mortgage Company, or in obligations, participations, or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in obligations, participations, or other instruments of or issued by a federal agency or a United States Government-sponsored enterprise.

8.3 Bills of Exchange or Time Drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, both domestic and foreign, which are eligible for purchase by the Federal Reserve System. Any investment in Bankers Acceptances shall be restricted to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating service.

Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the money in the Treasury Investment Pool.

8.4 Commercial Paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc., or Standard and Poor's (P-1; A-1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars and having an "A" or higher rating for the issuer's other outstanding debentures by Standard and Poor's, or its equivalent or better ranking by a nationally recognized statistical rating organization and a maximum maturity limit of 270 days.

Additionally GC 53635 limits the assets held by the Treasury Investment Pool in any single issuer to 10 percent and the total Commercial Paper investments may not exceed 40 percent of the total assets in the Treasury Investment Pool.

8.5 Negotiable Certificates of Deposit issued by a nationally or state-chartered bank, savings association, federal association, or state-licensed branch of a foreign bank. Any investment is to be restricted to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt rating is of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher rating as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments.

Investments in Negotiable Certificates of Deposit (including those allowed under section 8.6.1) may not exceed 30 percent of the money in the Treasury Investment Pool. No more than 5 percent of the money shall be invested in any one institution.

8.6 Non-negotiable Time Certificates of Deposit issued by a nationally or state-chartered bank, savings association or federal association (GC 53601 (n)). Unless fully covered by FDIC insurance, including the interest earned, these investments require full collateralization with government securities totaling 110 percent or mortgages totaling 150 percent of the principal amount (GC 53652). Any investment is to be restricted to those institutions whose short term rating is of prime quality of the highest ranking as provided for by Moody's Investors Service, Inc. or Standard and Poor's (P-1; A-1). As an alternative to the credit guidelines above, banks, savings associations or federal associations having a four star rating or higher as provided for by Bauer Financial, Inc. or a comparable rating service, shall be considered eligible institutions for these investments. Any investment will require the approval and execution of a Contract for Deposit by the Auditor-Controller/Treasurer-Tax Collector, as authorized by GC 53682.

Investments in Non-negotiable Time Certificates of Deposit may not exceed 50 percent of the money in the Treasury Investment Pool. No more than 15 percent of the money shall be invested in any one institution.

8.6.1 Investments in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit. Investments will be made in compliance with GC 53635.8. Investments shall be initially placed with a nationally or state-chartered commercial bank, savings bank, savings and loan association or a credit union in this state, which shall be known as the selected depository institution. Any investment will require the approval and execution of a Deposit Placement Agreement by the Auditor-Controller/Treasurer-Tax Collector. Investments in certificates of deposit

under sections 8.5 and 8.6.1 may not exceed 30 percent of the money in the Treasury Investment Pool. Additionally, investments under 8.6.1 shall not exceed 15 percent of the money in the Treasury Investment Pool.

8.7 Investments in Repurchase Agreements representing United States Treasury Securities, United States Agency discount and coupon securities, domestic and foreign Banker's Acceptances, commercial paper, and domestic bank/savings associations or federal associations Negotiable Certificates of Deposit.

Investments shall be made only after the execution of a Repurchase and Custody Agreement (Tri-Party Agreement) between the County or the investment manager (if under contract), the dealer and the Custodian. Investments will consist of overnight Repurchase Agreements, which include weekend placements and maturities; however, securities with longer maturities may be used as collateral for these Agreements. (GC 53635.2)

Excluding circumstances of market-timing and known cash demands, investments in Repurchase Agreements shall be limited to not more than 15 percent of the money in the Treasury Investment Pool. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against these securities. Any exceptions to the maturity or investment amount provisions will require written approval by the Auditor-Controller/Treasurer-Tax Collector.

8.8 Medium-term Notes with a maximum remaining maturity of five years or less issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or higher, by Standard and Poor's Corporation, or its equivalent or better by a nationally recognized rating service

Investments in Medium-term Notes may not exceed 30 percent of the money in the Treasury Investment Pool.

8.9 Investment of funds in the Local Agency Investment Fund (LAIF) created by law, which the State Treasurer invests through the Pooled Money Investment Account. Money invested in LAIF is available for overnight liquidity; however, it is also subject to a limited number of transactions per month. Money shall be placed in LAIF as alternative liquid investments under the guidelines of this policy pertaining to yield. The County may invest up to the maximum amount permitted by LAIF, not to exceed 10 percent of the portfolio. The Auditor-Controller/Treasurer-Tax Collector may invest any portion of debt proceeds in the LAIF.

8.10 Shares of beneficial interest issued by diversified management companies, otherwise known as Mutual Funds, investing in the securities and obligations as authorized by the GC 53601 et. seq.

To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with at least five years of experience investing in the securities authorized by the GC sections noted above and with assets under management in excess of \$500,000,000.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000 (GC 53601).

Investment in Mutual Funds shall not include the payment of any commission that diversified management companies may charge and may not exceed 20 percent of the surplus funds in the Treasury Investment Pool. Only 10 percent of the surplus funds may be invested in any one mutual fund (GC 53601, 53635.2).

8.11 Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond of a maximum of five years maturity. Securities eligible for investment shall be rated "AA" or its equivalent or better by a nationally recognized rating service.

Investments in these securities may not exceed 10 percent of the funds in the Treasury Investment Pool.

8.12 Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by bond documents (GC 53635.2 and California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines).

8.13 External Investment Managers. The Auditor-Controller/Treasurer-Tax Collector may contract with external investment managers to provide investment management services. These managers may be hired to invest funds not needed for liquidity and to increase the rate of return of the pool by

employing an active investment strategy. The external investment manager is allowed to make specific investment decisions within the framework of this investment policy.

External investment managers are required to provide timely transaction documentation and investment reports to ensure that the manager's actions comply with the requirements of the law and this investment policy. External investment managers shall remit, at least quarterly, the interest earnings to the Pool to allow these earnings to be apportioned to the pool participants.

Selection of External Investment Managers is subject to section 13.0 of this Investment Policy. Additionally, after selection, the manager's performance shall be reviewed against the agreed upon benchmark.

8.14 Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

Investments in these securities may not exceed 10 percent of the surplus funds in the Treasury Investment Pool.

9.0 **Selection of Investments**

Investments, with the exception of California registered state warrants in section 8.14, above, shall only be made following a minimum of three competitive comparisons with offerings documented and retained for each type of investment.

10.0 **Diversification**

The Treasury Investment Pool shall be diversified by security type and institution.

11.0 **Maximum Maturities**

To the extent possible, investments shall be made to match anticipated cash requirements. Unless matched to a specific cash flow, normal investments will be in securities such that the average weighted maturity of the Treasury Investment Pool shall not exceed 3.5 years. Proceeds of sales or funds set aside for the repayment of any notes issued for temporary borrowing purposes shall not be invested for a term that exceeds the term of the notes.

12.0 **Selling Securities Prior to Maturity**

Securities purchased shall normally be held until maturity. Occasionally, opportunities will exist to sell securities prior to maturity and purchase other securities (swap/trade). Securities that are no longer in compliance with this Investment Policy may be sold prior to maturity. Securities may also be sold in order to maintain the liquidity of the Treasury Investment Pool.

13.0 **Authorized Financial Dealers and Institutions**

The Auditor-Controller/Treasurer-Tax Collector shall maintain a list of financial institutions authorized to provide investment services. In addition, a list shall also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following: audited financial statements, proof of Financial Industry Regulatory Authority membership, trading resolution, proof of state registration, completed broker-dealer questionnaire, certification of having read this Investment Policy, and if applicable, depository contracts. Broker-dealers are evaluated and selected based upon criteria that include: organization experience and credibility, individual broker-dealer qualifications, compliance, product inventory, and economic research.

An annual review of the financial conditions and registrations of selected brokers shall be conducted by the Auditor-Controller/Treasurer-Tax Collector. A current audited financial statement is required to be on file for each authorized financial institution and broker-dealer.

Investment managers are evaluated and selected based upon criteria that include: organization experience and credibility, staff experience, compliance, and performance.

The selection of any broker, brokerage firm, dealer or securities firm that has, within any consecutive 48 month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the Auditor-Controller/ Treasurer-Tax Collector or member of the Board of Supervisors or any candidate for those offices is prohibited. The County will, to the best of its ability, monitor and comply with this requirement.

14.0 **Confirmation**

Receipts for confirmation of purchase of authorized securities should include the following information: trade date, par value, maturity, rate, price, yield, settlement date, description of securities purchased, agency's name, net amount due, and third party custodian information. Confirmation of all investment transactions should be received by the Auditor-Controller/Treasurer-Tax Collector within five business days of the transaction.

15.0 **Safekeeping and Custody**

Investments, excluding Non-negotiable Time Certificates of Deposit, Repurchase Agreements and investments that are under the management of contracted parties, shall be held in custody with the Service Bank or its correspondent or other institutions approved by the Auditor-Controller/Treasurer-Tax Collector. Investments in Repurchase Agreements shall be held in custody by the Custodian to the Tri-Party Agreement.

16.0 **Performance Standards**

The investment portfolio shall be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account investment risk constraints and cash flow needs.

16.1 Market yield benchmark. The investment strategy is passive. Given this strategy, the basis used by the Auditor-Controller/Treasurer-Tax Collector to determine whether market yields are being achieved shall be the one-year U.S. Treasury note rate.

17.0 **Administrative Cost of Investing**

The Auditor-Controller/Treasurer-Tax Collector may deduct actual administrative costs associated with investing, depositing, banking, auditing, reporting, or otherwise handling or managing of funds. The administrative costs shall be segregated and deducted from the interest earnings of the Treasury Pool each quarter prior to the distribution of interest earnings.

18.0 **Credit of Interest Earnings**

Interest shall be credited based on the average daily cash balance of money on deposit in the County Treasury for the calendar quarter and shall be paid quarterly.

19.0

Local Agency Deposit of Excess Funds

The County Auditor-Controller/Treasurer-Tax Collector is authorized to accept deposits of excess funds from local agencies within Fresno County pursuant to Resolution 98-354 and in accordance with Government Code section 53684. Such deposits will be accepted, if at all, subject to the terms and conditions of a written agreement between the depositing agency and the Auditor-Controller/Treasurer-Tax Collector. In deciding whether to accept such deposits, the Auditor-Controller/ Treasurer-Tax Collector considers factors that may include, but are not limited to, the objectives of this policy, the potential effect of such deposits on the volatility of the investment portfolio, the human resources available to conduct investment activities, and the best interests of current depositors.

20.0

Withdrawal of Funds from the Treasury Pool

The withdrawal of funds by any depositor/participant in the County of Fresno Treasury Investment Pool shall not adversely affect the interests of the other depositors/participants in the County of Fresno Treasury Investment Pool. All withdrawals that are not considered as funds being utilized for operations shall be presented to the Auditor-Controller/Treasurer-Tax Collector for review and approval. The Auditor-Controller/Treasurer-Tax Collector shall perform an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the Treasury Investment Pool as is required by GC 27136 and 27133. Prior to the approving a withdrawal, the Auditor-Controller/Treasurer-Tax Collector shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the Treasury Investment Pool. All requests for withdrawals shall be considered in order of receipt and shall in no way affect the ability of the Auditor-Controller/ Treasurer-Tax Collector to meet the pool's expenditure requirements.

If the Auditor-Controller/Treasurer-Tax Collector's assessment of the effect of the proposed withdrawal does not negatively impact the stability and predictability of the investments and the interests of other depositors, the Auditor-Controller/Treasurer-Tax Collector may authorize a total or partial withdrawal of funds from the Treasury Pool. A total withdrawal of funds from the County of Fresno Treasury Investment Pool by a participant requires a 30-day written notice to the Auditor-Controller/Treasurer-Tax Collector. Withdrawals involving less than the participant's total funds (other than for operational needs) are subject to all of the following constraints:

- each withdrawal shall be limited to a maximum of \$5,000,000

- no more than two withdrawals of a non-operational purpose are allowed per 30 day period
- at least ten days must lapse before the second withdrawal in any 30 day period will be considered by the Auditor-Controller/Treasurer-Tax Collector
- each withdrawal shall be submitted to the Auditor-Controller/Treasurer-Tax Collector at least 2 business days prior to the date of withdrawal

The depositor/participant shall notify the Auditor-Controller/Treasurer-Tax Collector of normal operating expenditures or disbursements in excess of \$1,000,000 as early as possible, preferably three business days in advance of disbursement, in order to adjust the cash position to meet disbursement requirements.

21.0 **Reporting**

The Auditor-Controller/Treasurer-Tax Collector shall provide the Board of Supervisors with a monthly inventory report and a monthly transaction report of the Treasury Investment Pool. The Auditor-Controller/Treasurer-Tax Collector shall provide a quarterly investment report to the Board of Supervisors, the County Administrative Officer and the County of Fresno Treasury Oversight Committee. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. Monthly inventory reports and quarterly investment reports are available to participants of the pool upon request (GC 53646).

22.0 **Internal Control**

As part of the County of Fresno's annual independent audit, the investment program shall be reviewed for appropriate internal controls that provide assurance of compliance with policies and procedures.

23.0 **Investment Policy Review**

This Investment Policy shall be reviewed on an annual basis by the Auditor-Controller/Treasurer-Tax Collector and rendered annually to the Board of Supervisors and the County of Fresno Treasury Oversight Committee, which consists of the following members:

- The County Auditor-Controller/Treasurer-Tax Collector
- A representative appointed by the County Board of Supervisors
- The County Superintendent of Schools or the Superintendent's designee

- A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the County
- A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the County that are required or authorized to deposit funds in the County Treasury

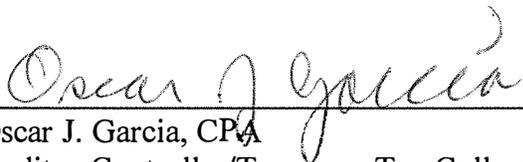
The Board of Supervisors shall accept and approve the investment policy and any changes thereto at a public meeting (GC 27133, 53646).

24.0 **Disaster/Business Continuity Plan**

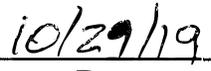
The County of Fresno Treasurer's banking and investment functions are critical to the function of Treasury Investment Pool and therefore must have a continuity plan to guide operations in the event of a disaster or business interruption.

The objective of the Disaster/Business Continuity Plan is to protect and account for all funds on deposit with the county treasurer and to be able to continue banking and investment functions for all participants in the event of an occurrence; i.e., earthquake, fire, flood, or some other event, which disrupts normal operations. The Plan provides for the ability to perform banking and investment functions at an off-site location under less than optimal conditions.

Approved



Oscar J. Garcia, CPA
Auditor-Controller/Treasurer-Tax Collector



Date

APPENDIX A

<u>Permitted Investments/Deposits</u>	<u>Government Code Limits %</u>	<u>Investment Policy Limits %</u>	<u>Investment Policy Term Limit</u>	<u>Minimum Rating</u>
Securities of the U.S. Government	No Limit	No Limit	5 years	N/A
Securities issued by United States Government Sponsored Enterprises	No Limit	No Limit	5 years	N/A
Bankers Acceptances (1)	40%	40%	180 days	N/A
Commercial Paper	40%	40%	270 days	P-1, A-1
Negotiable Certificates of Deposit (2)	30%	30%	13 months	P-1, or A-1 or 4 Star
Non-negotiable Certificates of Deposit (2)	No Limit	50%	13 months	P-1 or A-1 or 4 Star
Account Registry Service Deposits (2)	30%	15%	13 months	N/A
Repurchase Agreements	No Limit	15%	Overnight/Weekend	N/A
Medium Term Notes	30%	30%	5 years	A
LAIF (3)	No Limit	10%	5 years	N/A
Mutual Funds (4)	20%	20%	5 years	AAA,Aaa
Mortgage-Backed Securities	20%	10%	5 years	AA
State of California Debt	No Limit	10%	5 years	N/A

APPENDIX A
(Continued)

- (1) Investment policy limits any investment in bankers acceptances to the top 150 banks in the world as determined by their total assets and limited to those institutions in this group whose short term debt is of prime quality and of the highest ranking as provided for by Moody's or Standard and Poor's (P-1, A-1).
- (2) Banks, savings associations or federal associations having a "4 Star" or higher rating as provided by Bauer Financial, Inc. or a comparable rating service. For negotiable certificates of deposit, no more than 5 percent of the money shall be invested in any one institution. Negotiable certificates of deposit and account registry service deposits combined shall not exceed 30% of the portfolio. For non-negotiable certificates of deposit, no more than 15 percent of the money shall be invested in any one institution.
- (3) LAIF Board of Directors currently limits the investment to \$65,000,000, excluding bond and note proceeds. Government Code does not place a percentage limit on the amount of money that may be invested in LAIF.
- (4) Diversified management companies investing in the securities and obligations as authorized by California Government Code, Sections 53601, et seq., shall either (1) attain the highest ranking or the highest letter and numerical rating provided by two of the largest nationally recognized rating services, or (2) have an investment adviser registered with the SEC with at least five years of experience investing in the securities authorized by code sections noted in the policy and with assets under management in excess of \$500,000,000.

Diversified management companies issuing shares of beneficial interest that are money market funds registered with the Securities and Exchange Commission (SEC) under the Investment Act of 1940 shall either (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, or (2) retain an investment adviser registered or exempt from registration with the SEC with not less than five years of experience managing money market mutual funds with assets under management in excess of \$500,000,000. Only 10 percent of the money may be invested in any one mutual fund.

APPENDIX B

RATING SUMMARY

<u>RATING SERVICE</u>	<u>RATING CATEGORY</u>	<u>RATING DEFINITION</u>
Moody's	Aaa	Best Quality
	Aa	High Quality
	A	Upper-medium grade
	Baa	Medium grade obligations
	Ba	Judged to have speculative elements
	B	Lack characteristics of desirable investment
	Caa	Investment in poor standing
	Ca	Speculative in a high degree
	C	Poor prospect of attaining investment standing
	Moody's Modifiers	1,2,and 3
Moody's Commercial Paper	Prime-1	Superior ability for repayment
	Prime-2	Strong ability for repayment
	Prime-3	Acceptable ability for repayment
	Not Prime	Do not fall in top 3 rating categories
Standard & Poors	AAA	Highest Rating
	AA	Strong capacity for repayment
	A	Strong capacity for repayment but less than AA category
	BBB	Adequate capacity for repayment
	BB	Speculative
	B	Greater vulnerability to default than BB category
	CCC	Identifiable vulnerability to default
	CC	Subordinated debt of issues ranked in CCC category
	C	Subordinated debt of issues ranked in CCC category
	Cl	Income bonds where no interest is paid
	D	Default
Standard & Poors – Modifiers	(+) or (-)	Rankings within rating category
Standard & Poors – Commercial	A-1	Highest degree of safety
	A-2	Timely repayment characteristics is satisfactory
	A-3	Adequate capacity for repayment
	B	Speculative
	C	Doubtful repayment
	D	Default

APPENDIX B
(Continued)

RATING SUMMARY

<u>RATING SERVICE</u>		<u>RATING CATEGORY</u>	<u>RATING DEFINITION</u>
Fitch		AAA	Highest credit quality
		AA	Very high credit quality
		A	High credit quality
		BBB	Good credit quality
		BB	Speculative
		B	High speculative
		CCC, CC, C	High default risk
		DDD, DD, D	Default
Fitch	Modifiers	“+” or “-”	Relative status within rating categories
Fitch	Commercial Paper	F1	Highest credit quality
		F2	Good credit quality
		F3	Fair credit quality
		B	Speculative
		C	High default risk
		D	Default
Bauer		5 Star	Superior
		4 Star	Excellent
		3 ½ Star	Good
		3 Star	Adequate
		2 Star	Problematic
		1 Star	Troubled
		Zero	Our lowest star rating

APPENDIX C

Glossary of Cash Management Terms

The following is a glossary of key investing terms, many of which appear in County of Fresno Treasury Investment Policy. This glossary has been adapted from the Government Finance Officers Association (GFOA) sample investment policy.

Accrued Interest - The accumulated interest due on a bond as of the last interest payment made by the issuer.

Agency - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association (FNMA).

Amortization - The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

Average Life - The average length of time that an issue of serial bonds term bonds, or both, with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance - A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

Basis Point - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., 1/4 of 1 percent is equal to 25 basis points.

Bid - The indicated price at which a buyer is willing to purchase a security or commodity.

Book Value - The value at which a security is carried on the inventory lists or other financial records of an investor. The book value may differ significantly from the security's current value in the market.

Callable Bond - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Call Price - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

Call Risk - The risk to a bondholder that a bond may be redeemed prior to maturity.

Cash Sale/Purchase - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

APPENDIX C
(Continued)

Certificate of Deposit (CD) – A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period.

Certificate of Deposit Account Registry System (CDARS) – A private CD placement service that allows local agencies to purchase more than \$100,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$100,000 each, so that FDIC coverage is maintained.

Collateralization - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan security, or both.

Commercial Paper - An unsecured short-term promissory note issued, with maturities ranging from 1 to 270 days.

Convexity - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Coupon Rate - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

Credit Quality - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating services.

Credit Risk - The risk to an investor that an issuer will default in the payment of interest principal on a security, or both.

Current Yield (Current Return) - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

Delivery Versus Payment (DVP) - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Discount - The amount by which the par value of a security exceeds the price paid for the security.

Diversification - A process of investing assets among a range of security types by sector, maturity, and quality rating.

Fair Value - The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

APPENDIX C
(Continued)

Federal Funds (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

Federal Funds Rate - Interest rate charged by one institution lending federal funds to the other.

Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms in the United States.

Government Securities - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

Interest Rate - See "Coupon Rate."

Interest Rate Risk - The risk associated with declines or rises in interest rates which cause in investment in a fixed-income security to increase or decrease in value.

Inverted Yield Curve - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

Investment Company Act of 1940 - Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Policy - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Investment-grade Obligations - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

Liquidity - An asset that can be converted easily and quickly into cash without significant loss of value.

Local Agency Investment Fund - A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

Local Government Investment Pool (LGIP) - An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market - The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

APPENDIX C
(Continued)

Market Risk - The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value - Current market price of a security.

Maturity - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

Medium-Term Note - Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in California Government Code) with a remaining maturity of five years or less.

Money Market Mutual Fund - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mortgage Backed Securities - Mortgage-backed securities (MBS) are created when a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interest or participations in the pool. MBS owners receive a prorate share of the interest and principal passed through from the pool of mortgages. Most MBS are issued guaranteed, or both, by federal agencies and instrumentalities.

Mortgage Pass-Through Obligations - Securities that are created when residential mortgages are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

Mutual Fund - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

APPENDIX C
(Continued)

Negotiable Certificates of Deposit - Short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, or state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

Net Asset Value - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.) $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$

Nominal Yield - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

Non-negotiable Certificates of Deposit - CDs that carry a penalty if redeemed prior to maturity. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to \$100,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral.

Offer - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

Par - Face value or principal value of a bond, typically \$1,000 per bond.

Positive Yield Curve - A chart formation that illustrates short-term securities having lower yields than long-term securities.

Premium - The amount by which the price paid for a security exceeds the security's par value.

Principal - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prospectus - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

Prudent Person Rule - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

APPENDIX C
(Continued)

Regular Way Delivery - Securities settlement that calls for delivery and payment on the third business day following the trade date (T+3); payment on a T+1 basis is currently under consideration. Mutual funds are settled on a same day basis; government securities are settled on the next business day.

Reinvestment Risk - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

Repurchase Agreement (Repo or RP) - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Reverse Repurchase Agreement (Reverse Repo) - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

Rule 2a-7 of the Investment Company Act - The Securities and Exchange Commission regulates money market funds in the United States and this rule restricts quality, maturity and diversity of investments by money market funds in an attempt to provide a safe, liquid alternative to bank deposits, while providing a higher yield.

Safekeeping - Holding of assets (e.g., securities) by a financial institution.

Swap - Trading one asset for another.

Term Bond - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

Total Return - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. $(\text{Price Appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$

Treasury Bills - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

APPENDIX C
(Continued)

Treasury Notes - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Bonds - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Uniform Net Capital Rule - SEC Rule 15c3-1 outlining capital requirements for broker-dealers.

Volatility - A degree of fluctuation in the price and valuation of securities.

Weighted Average Maturity (WAM) - The dollar-weighted average maturity of all the securities that comprise a portfolio.

When Issued (WI) - A conditional transaction in which an authorized new security has not been issued. All "when issued" transactions are settled when the actual security is issued.

Yield - The current rate of return on an investment security generally expressed as a percentage of the security's current price.

Yield-to-call (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

Yield Curve - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

Yield-to-maturity - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.

Zero-coupon Securities - Security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.



Quarterly Investment Report

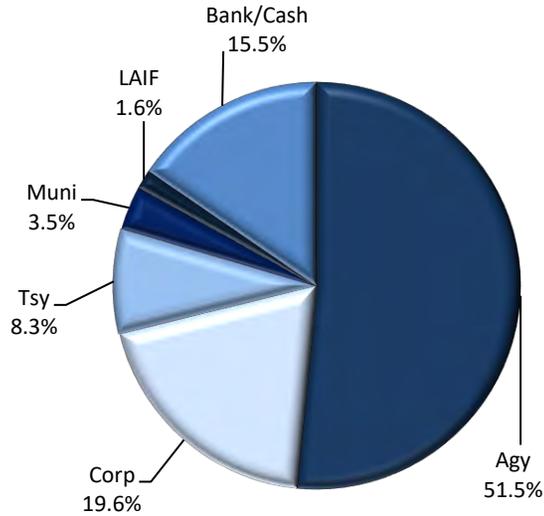
As of December 31, 2019

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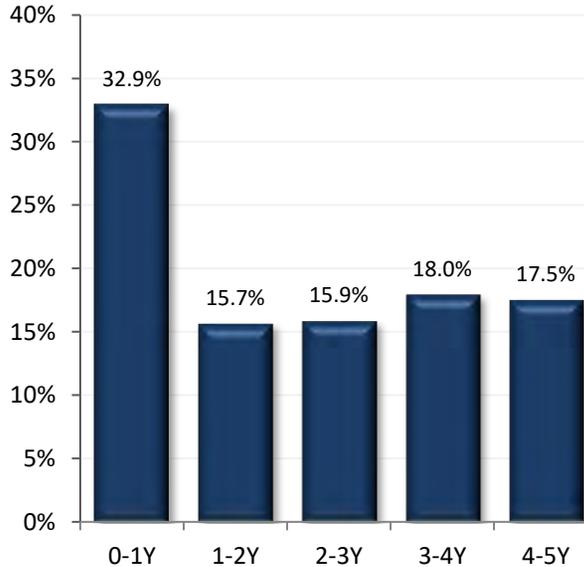
Board of Supervisors: Buddy Mendes, Brian Pacheco, Nathan Magsig, Sal Quintero, Steve Brandau
County Administrative Officer: Jean Rousseau

SECTOR ALLOCATION



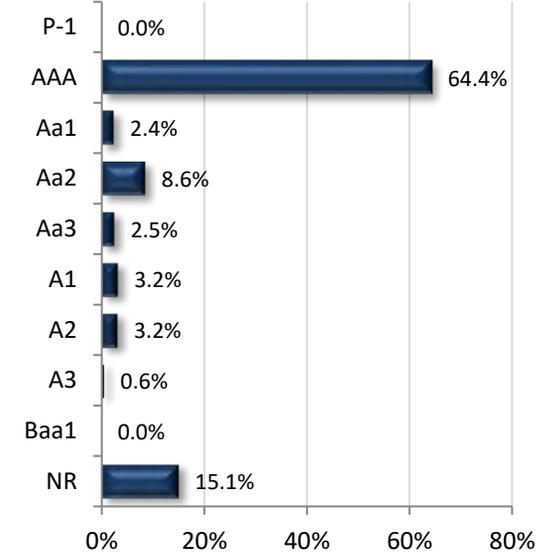
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



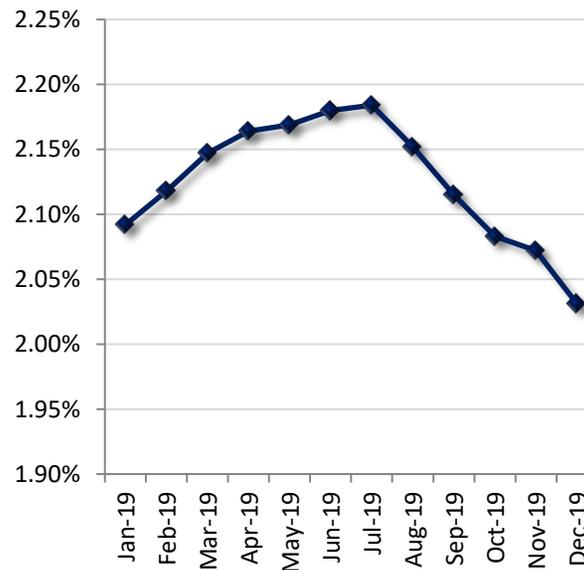
NR: Not Rated

ACCOUNT SUMMARY

	12/31/19	9/30/19
Market Value	\$4,216,158,910	\$3,691,845,342
Book Value*	\$4,179,751,295	\$3,651,702,399
Unrealized G/L	\$36,407,615	\$40,142,943
Par Value	\$4,175,314,810	\$3,651,563,707
Net Asset Value	\$100.871	\$101.099
Book Yield	2.03%	2.12%
Years to Maturity	2.06	2.02
Effective Duration	1.96	1.93

*Book Value is Amortized

PORTFOLIO BOOK YIELD HISTORY



TOP ISSUERS

Issuer	% Portfolio
FEDERAL HOME LOAN BANK	19.3%
FEDERAL NATIONAL MORTGAGE	18.2%
FEDERAL FARM CREDIT BANK	12.4%
BANK OF THE WEST MM	12.0%
US TREASURY NOTE	8.3%
STATE OF CALIFORNIA	3.5%
JP MORGAN	2.8%
MICROSOFT	2.6%
TOYOTA MOTOR CREDIT	2.5%
US BANK NA	2.5%
APPLE INC	2.4%
FIDELITY 2642	1.9%
WELLS FARGO	1.8%
JOHN DEERE	1.7%
LAIF	1.6%

Per Book Value

Item / Sector	Parameters	In Compliance	
11.0 Weighted Average Maturity	Weighted Average Maturity (WAM) must be less than 3.5 years.	Yes	2.06 Yrs
8.1 U.S. Treasuries	No sector limit, no issuer limit, max maturity 5 years.	Yes	8.3%
8.2 U.S. Agencies	No sector limit, no issuer limit, max maturity 5 years.	Yes	51.5%
8.3 Banker Acceptances	40% limit, Issue is eligible for purchase by Federal Reserve. Issuer is among 150 largest banks based on total asset size; max maturity 180 days; rated A-1 or P-1.	Yes	0.0%
8.4 Commercial Paper	40% limit, corporation organized and operating in the US with total assets of \$500mm. 10% of issuer's CP / 10% in any one issuer; max maturity 270 days; minimum short-term rating of A-1 by S&P or P-1 by Moody's, minimum long-term rating of A by S&P or its equivalent or better ranking by a nationally recognized rating service.	Yes	0.0%
8.5 Negotiable CDs	30% limit (combined with 8.6.1), Issued by national or state chartered bank or savings assoc., or a state licensed branch of a foreign bank that is among 150 largest banks in total asset size; minimum short-term rating of P-1 or A-1 or issuer meets rating requirements; 5% in any one issuer, max maturity 13 months.	Yes	0.0%
8.6 Non-Negotiable CDs	50% limit, Issued by national or state chartered bank or savings association. FDIC insurance OR full collateralization of 110% government or 150% mortgages. Contract for Deposit in place. 15% in any one issuer; short-term rating is a minimum of A-1 by S&P or P-1 by Moody's, max maturity 13 months.	Yes	0.0%
8.6.1 Placement CDs	15% limit (30% combined with 8.5), Issued by national or state chartered bank or savings association or credit union that uses a placement entity. Deposit Placement Agreement in place.	Yes	0.0%
8.7 Repurchase Agreements	15% limit, Tri-party agreement in place. 102% collateralization of US treasuries or agencies, BAs, CP, Negotiable CD's; Overnight or weekend maturities.	Yes	0.0%
8.8 Medium-Term Notes	30% limit, organized and operating in the US or state licensed depository institution; max maturity 5 years; rated A or better by S&P, or its equivalent or better by a nationally recognized rating service.	Yes	19.6%
8.9 L.A.I.F	California State's deposit limit is \$65 million; Current investment policy limit is not to exceed 10% of the portfolio.	Yes	\$65 Mil

Item / Sector	Parameters	In Compliance	
8.10 Mutual Funds/ Money Markets Funds	20% limit, 10% per issuer; Registered with SEC, 5 years experience, \$500mm AUM or rated by AAA-m, Aaa-mf, AAA-m by not less than two nationally recognized rating agencies.	Yes	1.9%
8.11 ABS and MBS	10% limit combined. Security must be AA rated by one rating agency, with an A or better rating for the underlying, max maturity 5 years.	Yes	0.0%
8.12 Money Held from Pledged Assets	Invest according to statutory provision or according to entity providing issuance.	Yes	0.0%
8.13 External Managers	Invest per policy.	Yes	0.0%
8.14 State of California Debt	10% limit, Registered State warrants or CA treasury notes, including revenue producing entities controlled or operated by the State or by a department, board, agency, or authority of the State; 5 years max maturity.	Yes	3.5%
Cash & Bank Account	NA	NA	13.5%

Compliance

The Treasury Investment Pool is in compliance with the County of Fresno Treasury Investment Pool Investment Policy. The Treasury Investment Pool contains sufficient cash flow to meet the expected expenditures for the next six months.

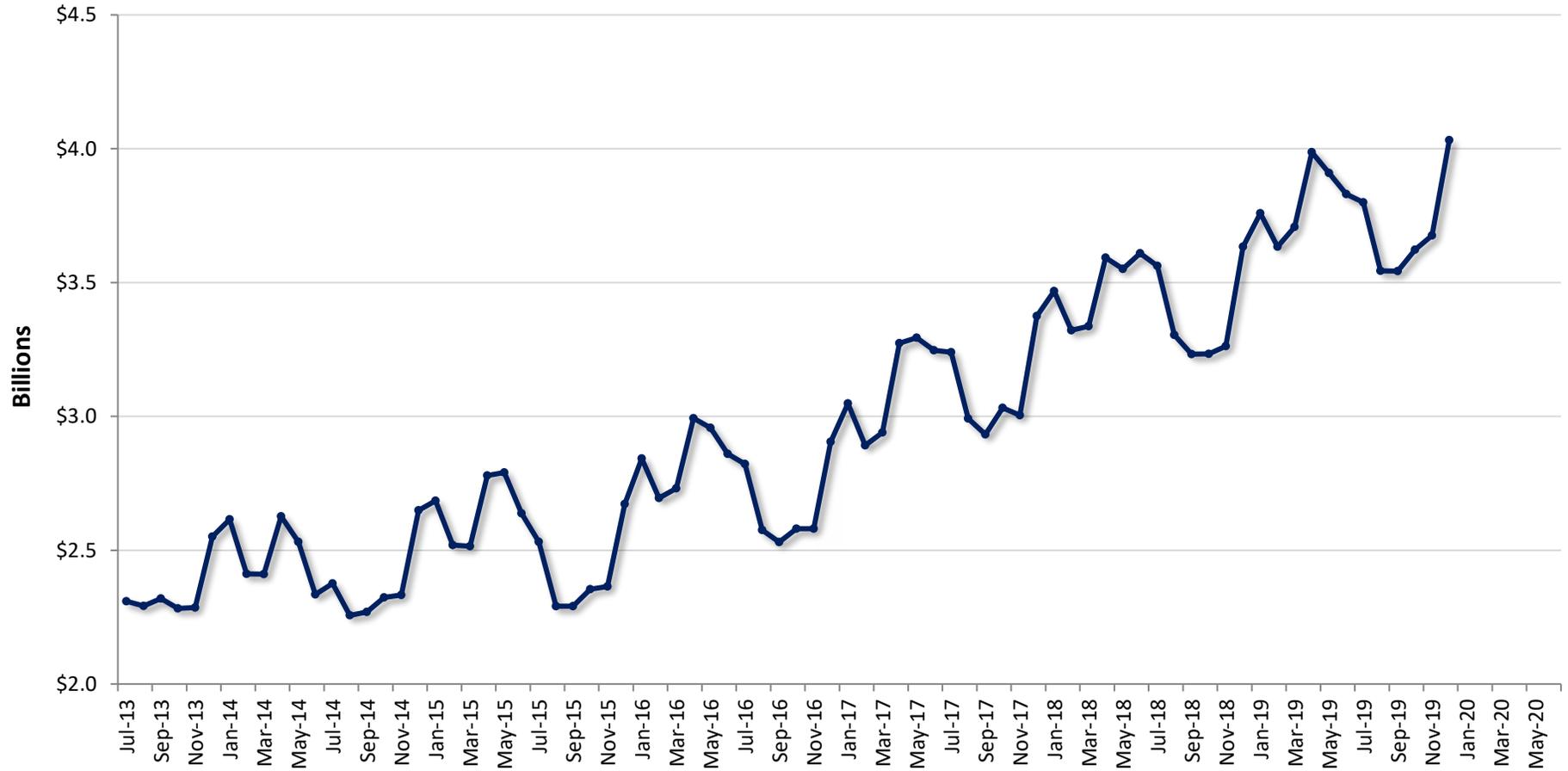
Review and Monitoring

FHN Financial Main Street Advisors, the County’s investment advisor, currently monitors the Treasury Department’s investment activities.

Additional Information

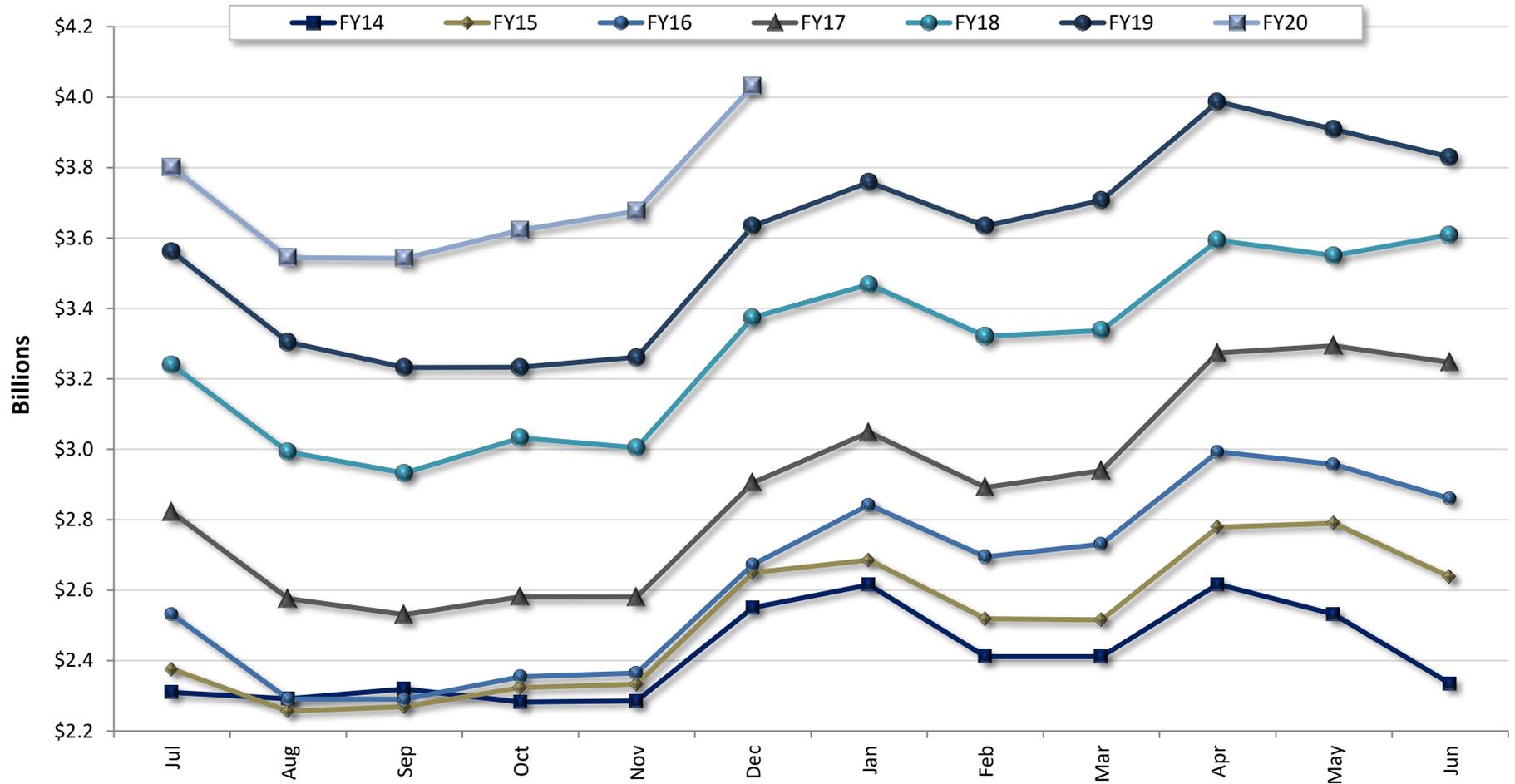
Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by Ice Data Services.



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2014	\$2.310	\$2.291	\$2.319	\$2.282	\$2.285	\$2.551	\$2.615	\$2.411	\$2.411	\$2.617	\$2.531	\$2.335
Fiscal Year 2015	\$2.375	\$2.256	\$2.269	\$2.323	\$2.333	\$2.649	\$2.685	\$2.519	\$2.515	\$2.778	\$2.790	\$2.637
Fiscal Year 2016	\$2.531	\$2.291	\$2.290	\$2.354	\$2.365	\$2.673	\$2.842	\$2.695	\$2.731	\$2.993	\$2.957	\$2.860
Fiscal Year 2017	\$2.822	\$2.576	\$2.530	\$2.581	\$2.580	\$2.905	\$3.048	\$2.891	\$2.940	\$3.274	\$3.294	\$3.247
Fiscal Year 2018	\$3.240	\$2.992	\$2.932	\$3.032	\$3.004	\$3.374	\$3.468	\$3.321	\$3.337	\$3.593	\$3.550	\$3.609
Fiscal Year 2019	\$3.562	\$3.305	\$3.232	\$3.233	\$3.262	\$3.634	\$3.759	\$3.634	\$3.707	\$3.987	\$3.909	\$3.830
Fiscal Year 2020	\$3.800	\$3.544	\$3.542	\$3.622	\$3.676	\$4.031						

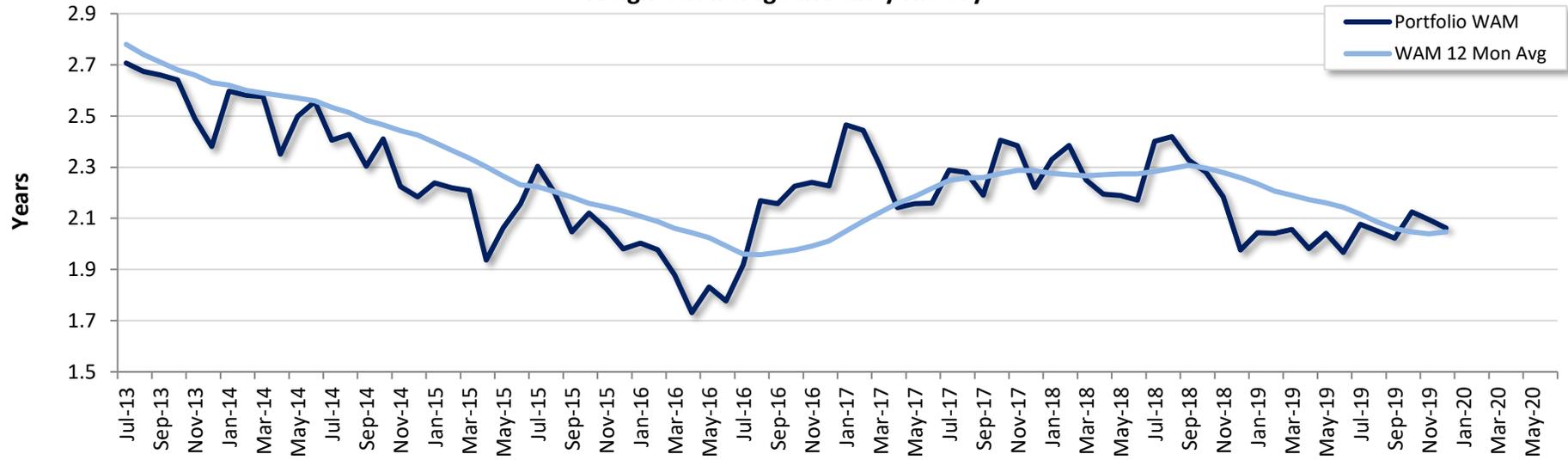
Figures in Billions, Average Daily Balance



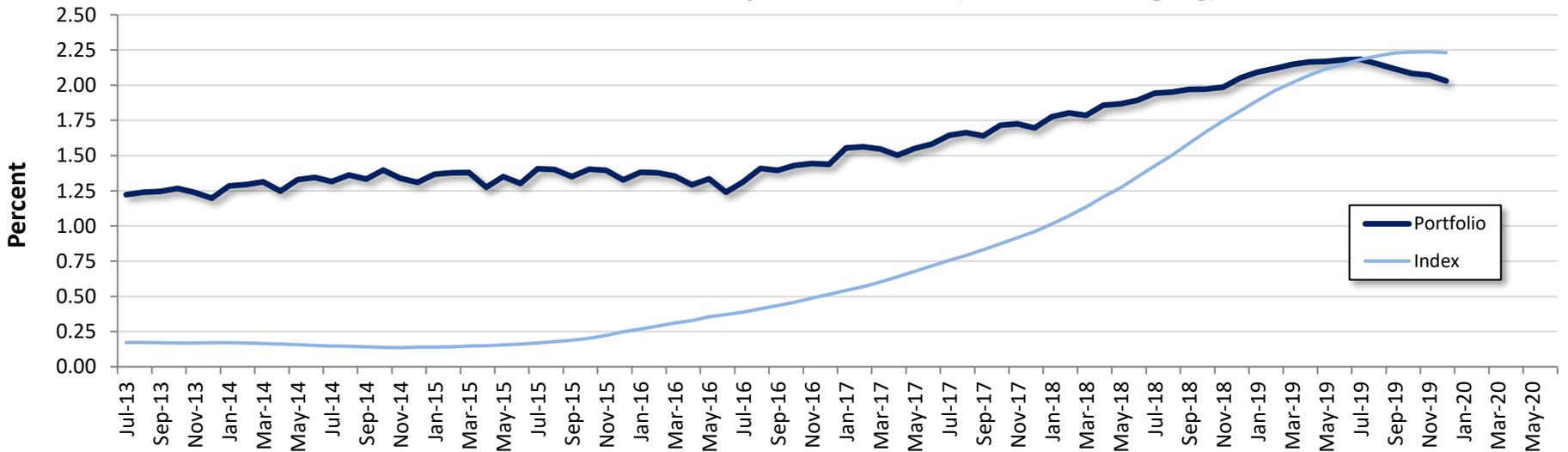
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fiscal Year 2014	\$2.310	\$2.291	\$2.319	\$2.282	\$2.285	\$2.551	\$2.615	\$2.411	\$2.411	\$2.617	\$2.531	\$2.335
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Fiscal Year 2020	\$3.800	\$3.544	\$3.542	\$3.622	\$3.676	\$4.031						

Figures in Billions, Average Daily Balance

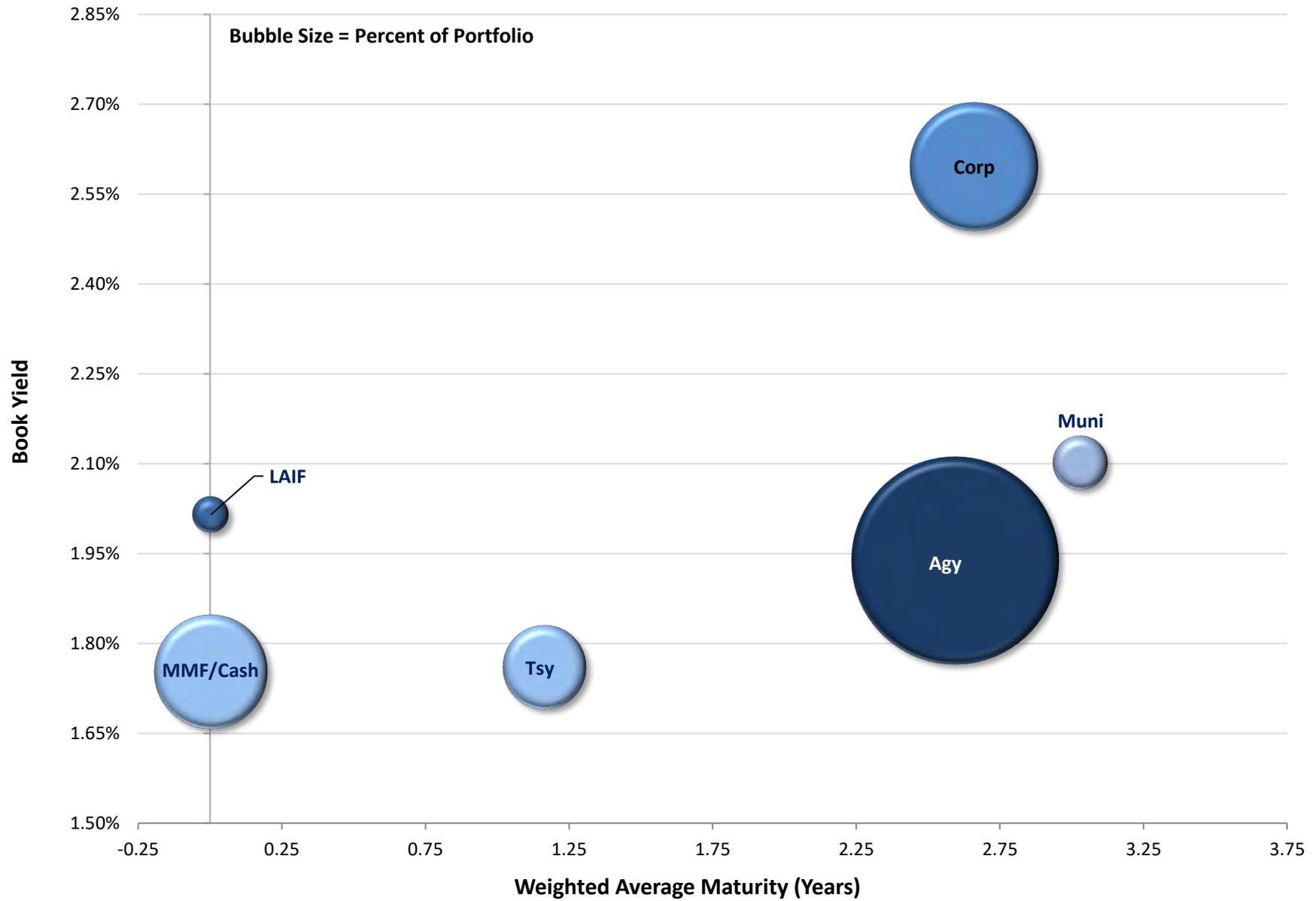
Weighted Average Maturity History



Month-End Book Yield vs 1-Year Treasury Note Index Yield (24 month moving avg)

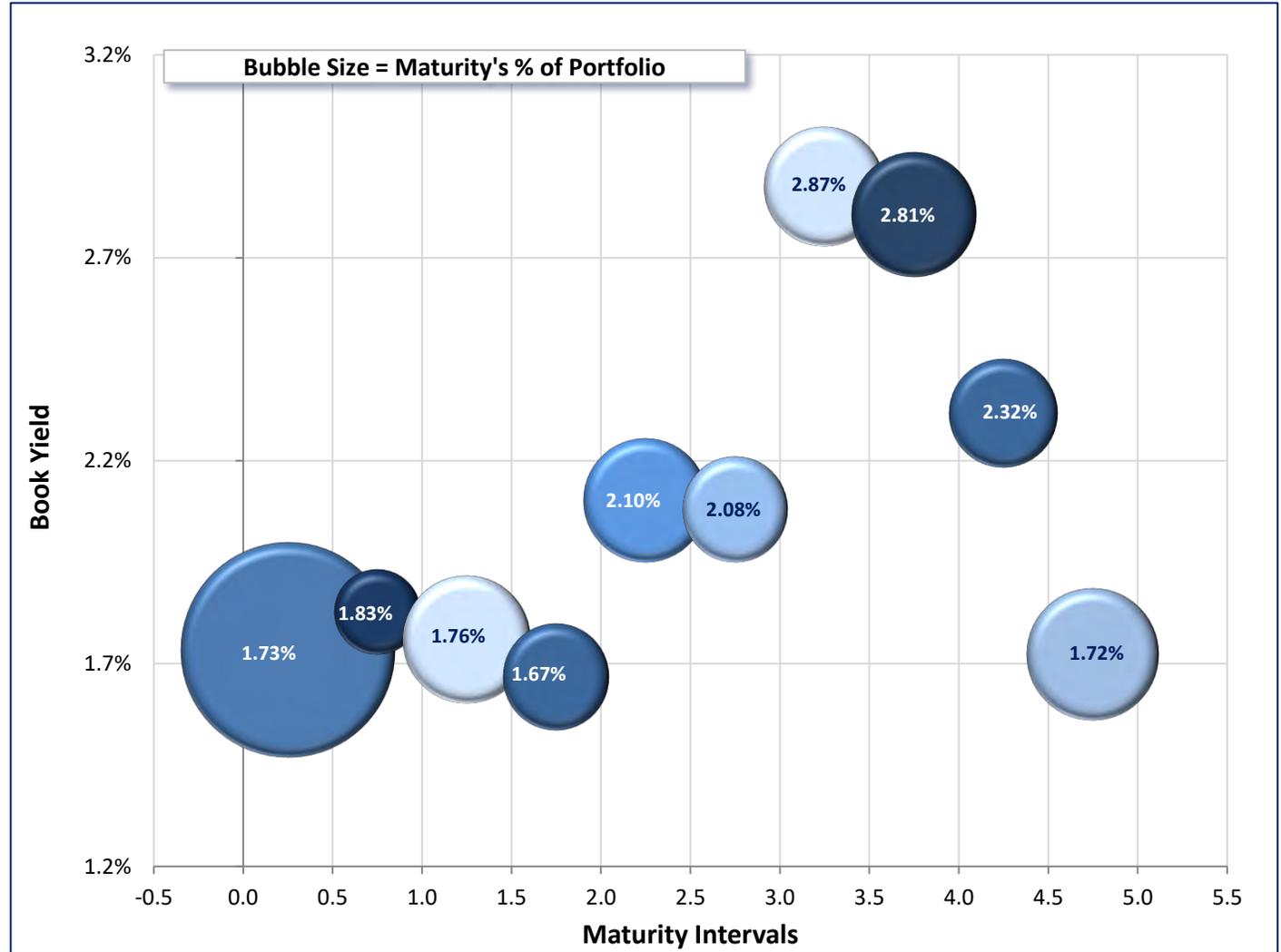


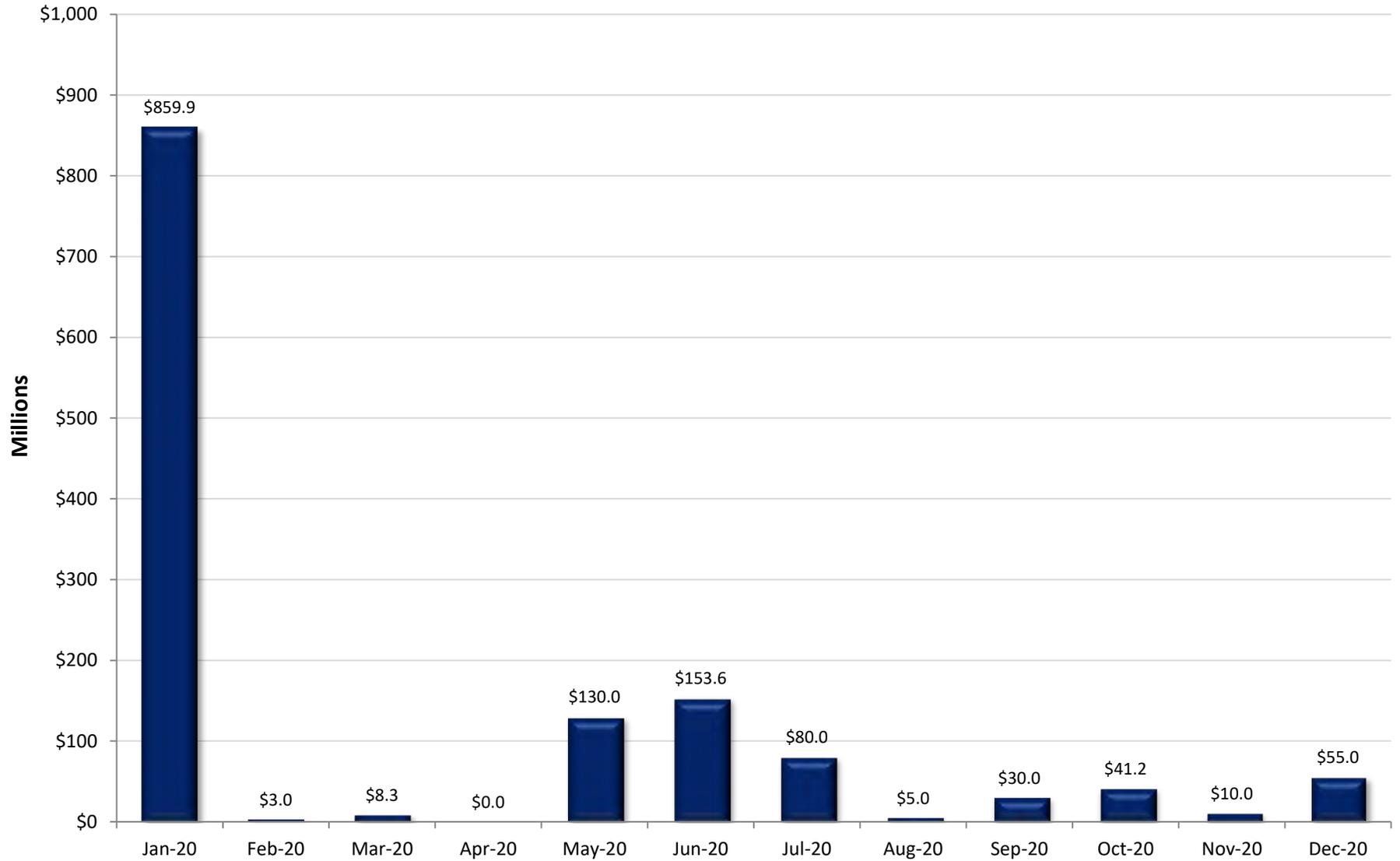
Index: 24 Month Moving Average of the ICE BofAML 1-Year US Treasury Note Index



Years	Book Yield	% of Portfolio*
0 to .5	1.73%	27.63%
.5 to 1.0	1.83%	4.33%
1.0 to 1.5	1.76%	9.83%
1.5 to 2.0	1.67%	6.80%
2.0 to 2.5	2.10%	9.23%
2.5 to 3.0	2.08%	6.66%
3.0 to 3.5	2.87%	8.67%
3.5 to 4.0	2.81%	9.31%
4.0 to 4.5	2.32%	7.06%
4.5 to 5.0+	1.72%	10.48%
Total	2.03%	100.0%

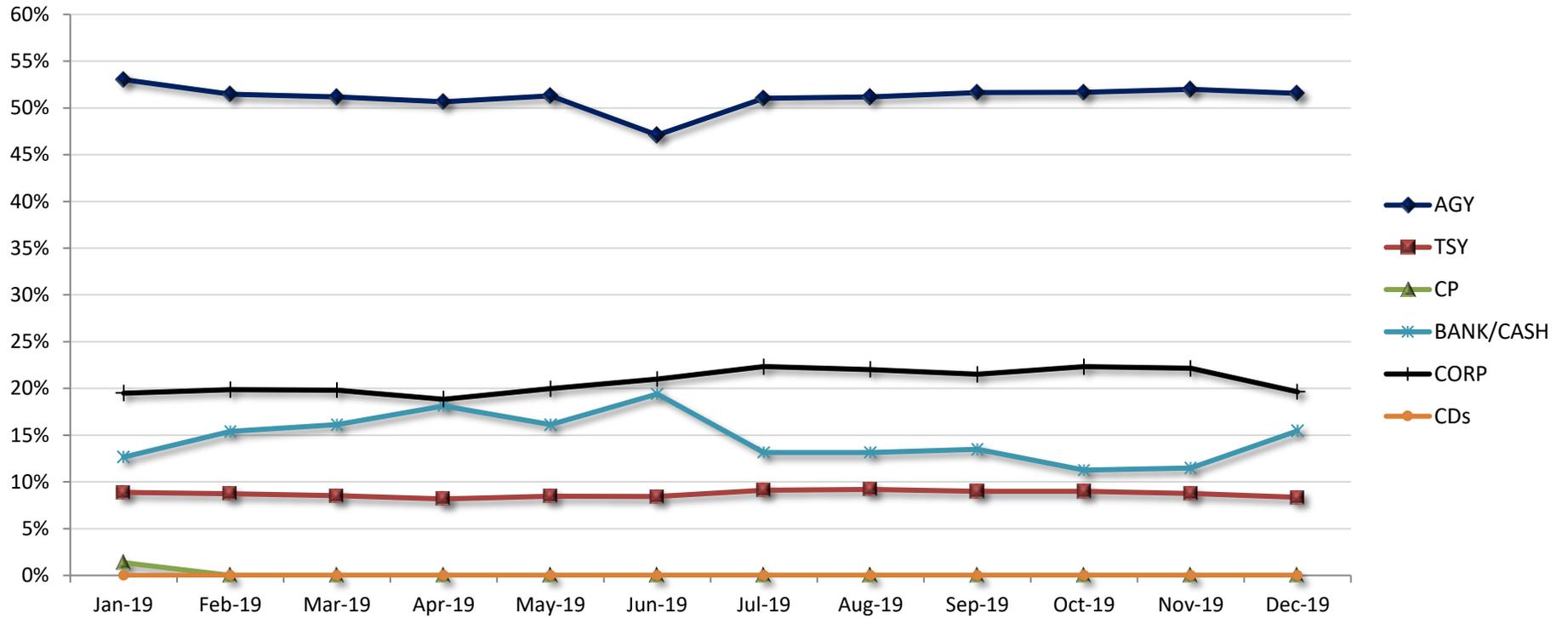
*Based on Book Value



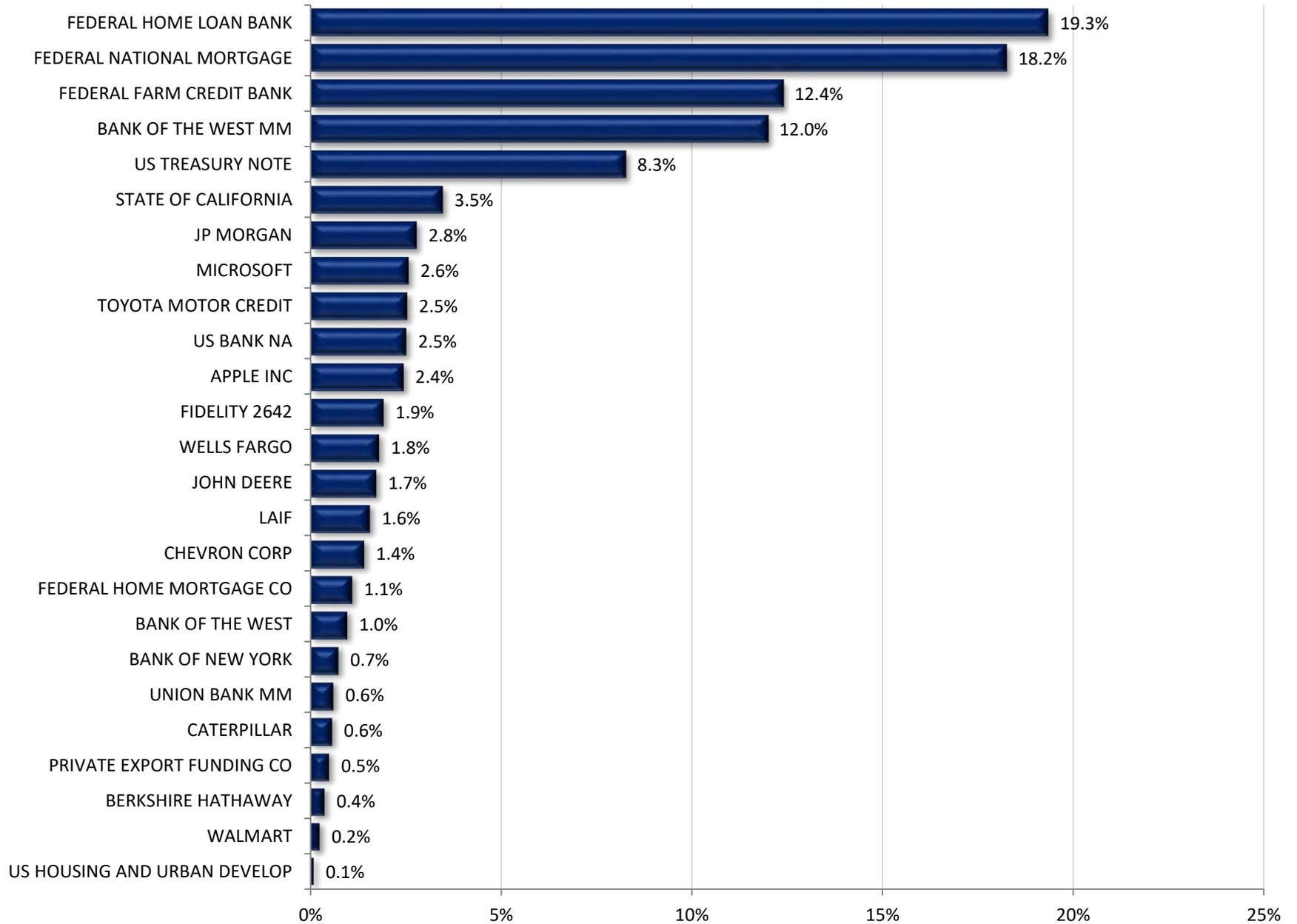


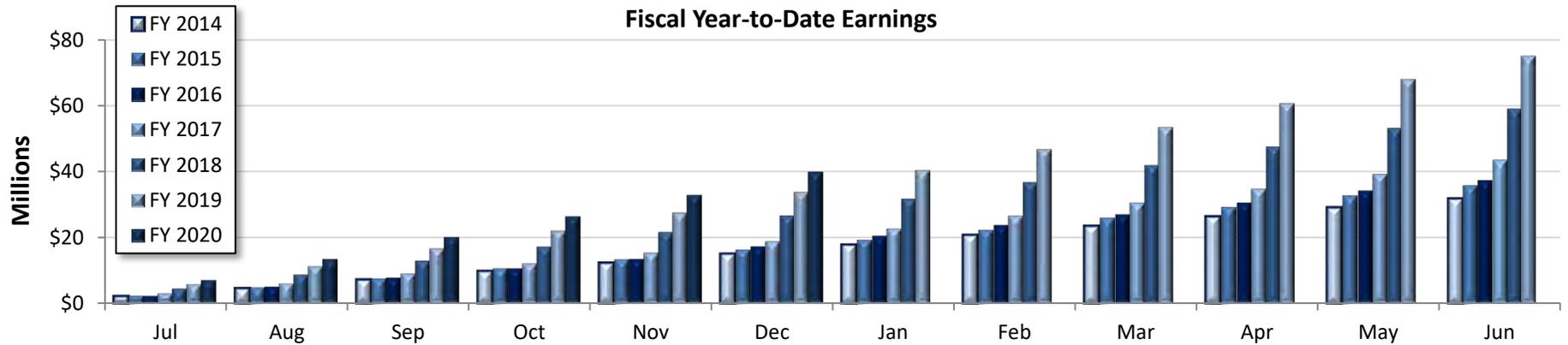
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Maturities	\$859.9	\$3.0	\$8.3	\$0.0	\$130.0	\$153.6	\$80.0	\$5.0	\$30.0	\$41.2	\$10.0	\$55.0

Par Value in Millions

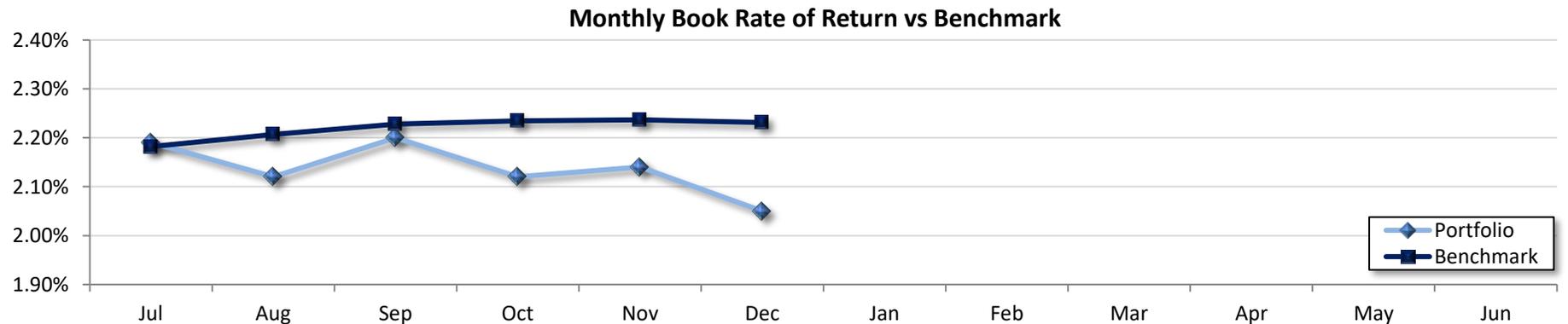


Sector	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Agency	53.0%	51.5%	51.2%	50.7%	51.3%	47.1%	51.0%	51.2%	51.7%	51.7%	52.0%	51.5%
Treasury	8.9%	8.7%	8.5%	8.2%	8.5%	8.4%	9.1%	9.2%	9.0%	9.0%	8.8%	8.3%
Commercial Paper	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
LAIF	1.8%	1.7%	1.7%	1.6%	1.7%	1.7%	1.8%	1.8%	1.8%	1.8%	1.7%	1.6%
Muni	2.8%	2.8%	2.7%	2.6%	2.4%	2.4%	2.6%	2.6%	2.6%	4.0%	3.9%	3.5%
Corporates	19.5%	19.9%	19.8%	18.8%	20.0%	21.0%	22.3%	22.0%	21.5%	22.3%	22.2%	19.6%
CDs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank/Cash	12.6%	15.4%	16.1%	18.1%	16.1%	19.4%	13.1%	13.2%	13.5%	11.3%	11.5%	15.5%
Total	100.0%											





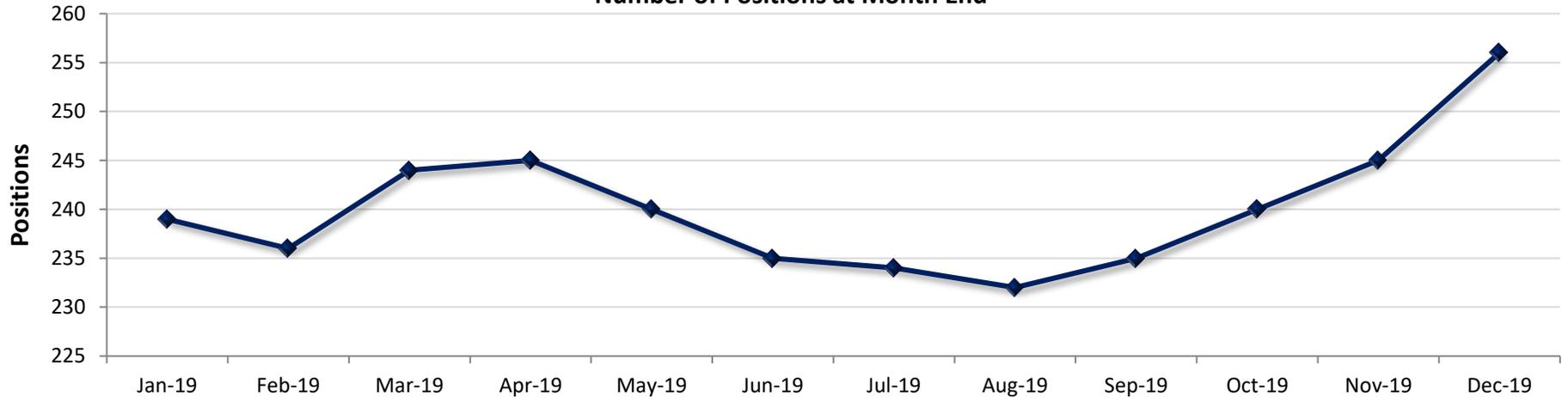
Fiscal YTD (\$Mil)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
FY 2014	\$2.3	\$4.7	\$7.3	\$9.8	\$12.2	\$15.0	\$17.7	\$20.7	\$23.4	\$26.2	\$29.0	\$31.6
FY 2015	\$2.3	\$4.9	\$7.5	\$10.5	\$13.3	\$16.2	\$19.2	\$22.1	\$25.8	\$29.0	\$32.5	\$35.5
FY 2016	\$2.3	\$5.1	\$7.8	\$10.6	\$13.4	\$17.2	\$20.5	\$23.7	\$26.9	\$30.5	\$34.2	\$37.3
FY 2017	\$3.0	\$6.0	\$9.0	\$12.1	\$15.3	\$18.9	\$22.7	\$26.5	\$30.5	\$34.8	\$39.2	\$43.5
FY 2018	\$4.5	\$8.7	\$12.9	\$17.3	\$21.6	\$26.7	\$31.7	\$36.7	\$41.9	\$47.4	\$53.0	\$58.8
FY 2019	\$5.8	\$11.3	\$16.7	\$22.1	\$27.5	\$33.8	\$40.4	\$46.7	\$53.5	\$60.7	\$68.0	\$75.1
FY 2020	\$7.1	\$13.5	\$20.0	\$26.4	\$32.9	\$39.9						



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Book Rate of Rtn	2.19%	2.12%	2.20%	2.12%	2.14%	2.05%						
Benchmark*	2.18%	2.21%	2.23%	2.23%	2.24%	2.23%						
Variance	0.01%	-0.09%	-0.03%	-0.11%	-0.10%	-0.18%						

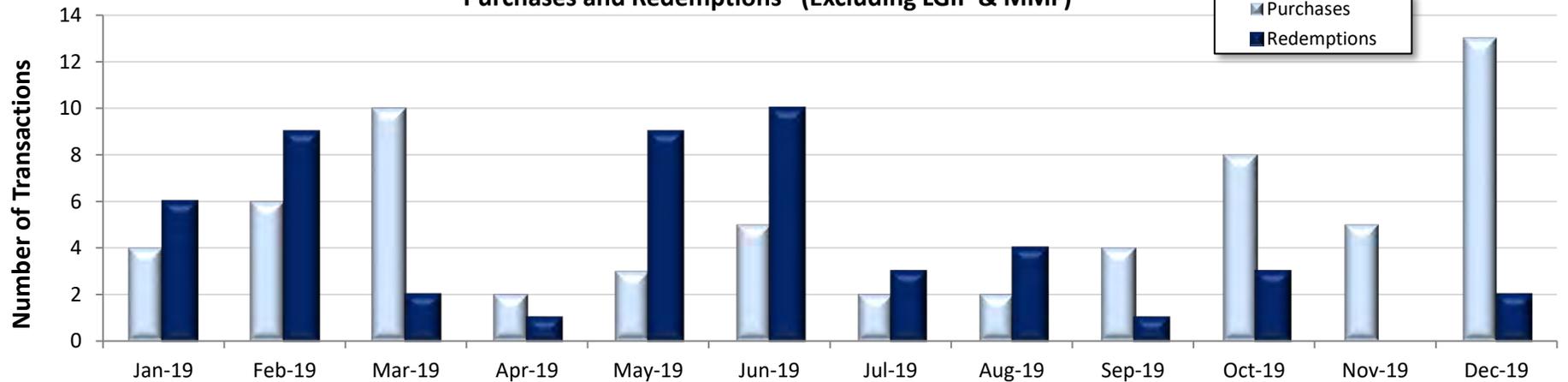
*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)

Number of Positions at Month End



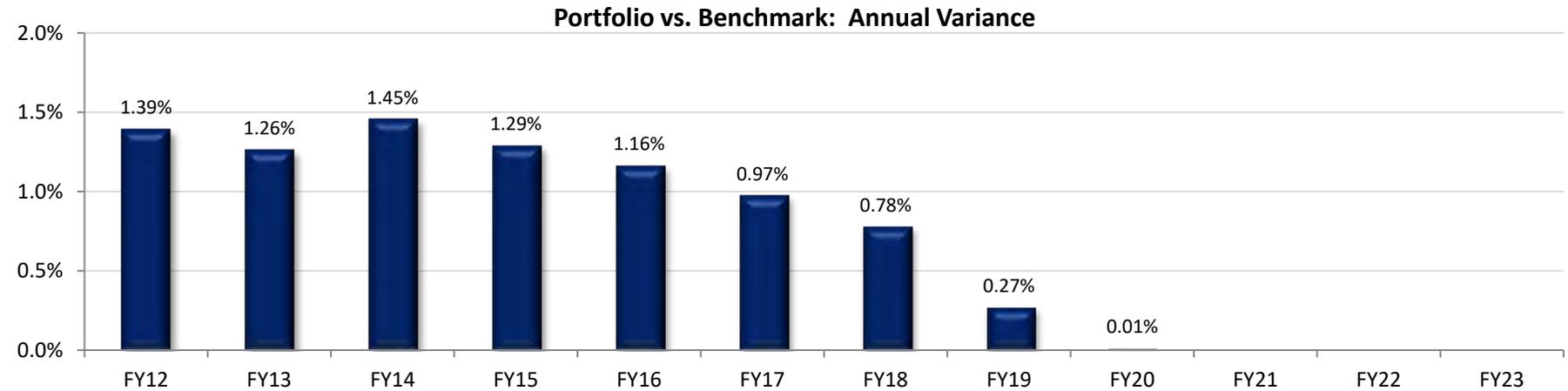
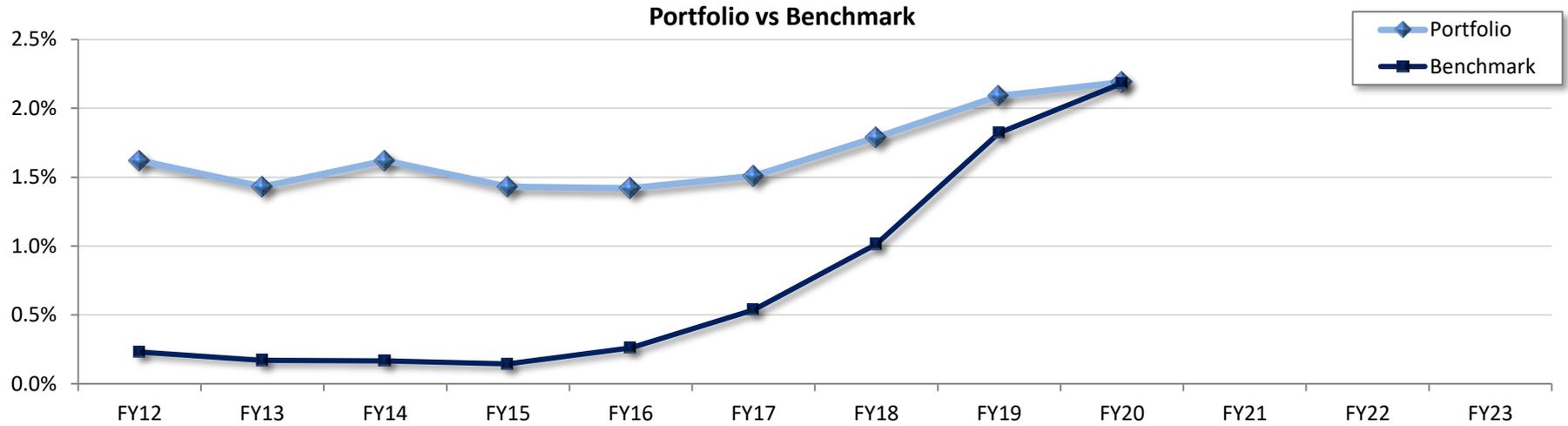
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Positions	239	236	244	245	240	235	234	232	235	240	245	256

Purchases and Redemptions* (Excluding LGIP & MMF)



*Redemptions include maturities, calls, and sells

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Purchases	4	6	10	2	3	5	2	2	4	8	5	13
Redemptions	6	9	2	1	9	10	3	4	1	3	0	2
Total Transactions	10	15	12	3	12	15	5	6	5	11	5	15



Fiscal YTD	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Portfolio	1.62%	1.43%	1.62%	1.43%	1.42%	1.51%	1.79%	2.09%	2.19%			
Benchmark*	0.23%	0.17%	0.17%	0.14%	0.26%	0.54%	1.01%	1.82%	2.18%			
Variance	1.39%	1.26%	1.45%	1.29%	1.16%	0.97%	0.78%	0.27%	0.01%			

*Benchmark: ICE BofAML 1-Year US Treasury Note Index (24 Month Moving Average)--Average Builds Over the Fiscal Year Period

Summary of Portfolio

	December 2019	September 2019	June 2019	March 2019	December 2018
Market Value	\$4,216,158,910	\$3,691,845,342	\$3,922,607,201	\$3,849,252,349	\$3,770,988,770
Amortize Cost Value	\$4,179,751,295	\$3,651,702,399	\$3,895,135,225	\$3,857,429,169	\$3,808,681,373
Unrealized Gain/Loss % on cost	0.87%	1.10%	0.71%	-0.21%	-0.99%
Yield (weighted on cost value)	2.03%	2.12%	2.18%	2.15%	2.05%
Years to Maturity (weighted on cost value)	2.06	2.02	1.97	2.06	1.98
Avg Dollar-Weighted Quality Rating	AA+	AA+	AA+	AA+	AA+

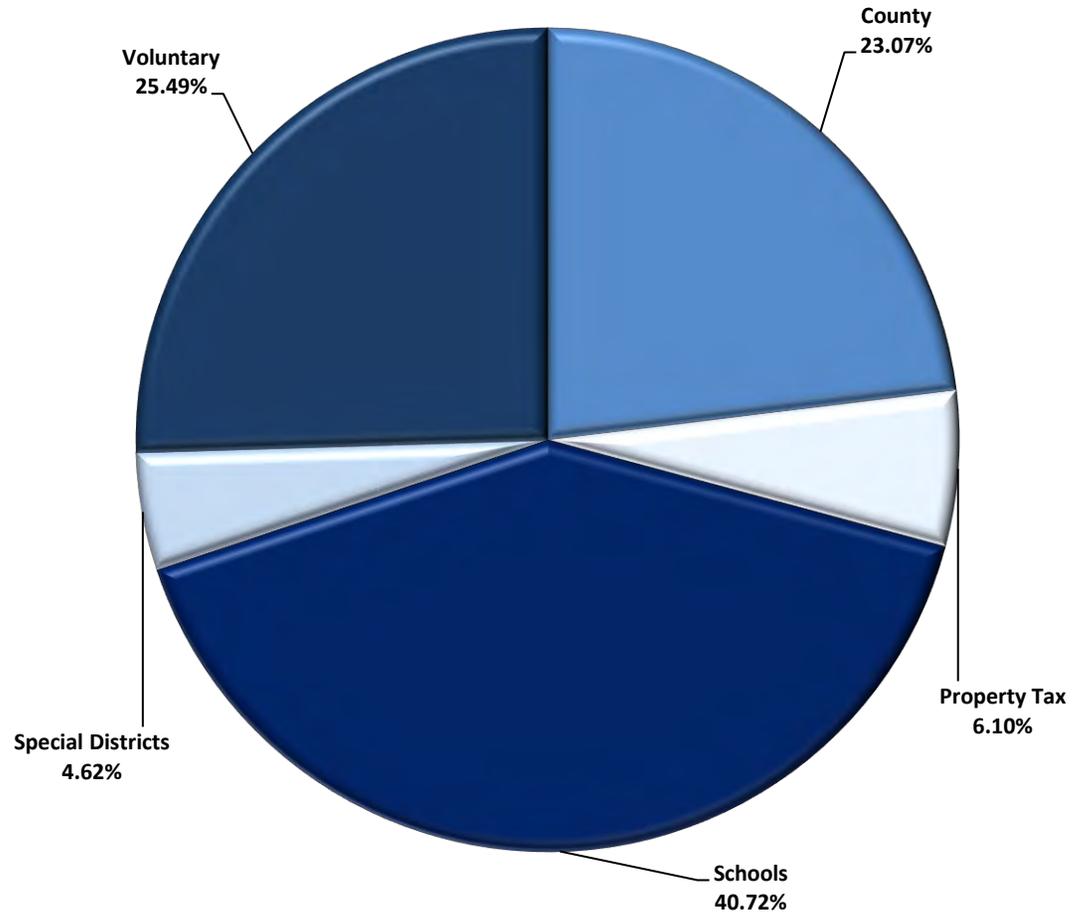
Projection of Future Cash Flows (in millions)

Month	Monthly Receipts (a)	Monthly Disburs. (a)	Difference	Actual Inv. Maturities	Balance
Beginning Balance (b)					710.9
1/20	476.8	594.1	-117.3	149.0	742.6
2/20	431.1	472.9	-41.8	3.0	703.8
3/20	583.2	487.0	96.2	8.3	808.3
4/20	630.3	508.6	121.7	0.0	930.0
5/20	439.9	540.8	-100.9	75.0	904.1
6/20	563.0	575.6	-12.6	208.6	1,100.1
Totals	3,124.3	3,179.0	-54.7	443.9	

(a) Monthly Receipt and Monthly Disbursement amounts are estimates based upon historical cash flows and may change as actual cash flow information becomes available.

(b) Beg. Balance is taken from Bank Accounts, Mutual Funds, and LAIF.

Entity	Portfolio \$	Portfolio %
County	976,377,456	23.07%
Property Tax	258,265,114	6.10%
Schools	1,723,835,653	40.72%
Special Districts	195,596,816	4.62%
Voluntary	1,078,863,776	25.49%
Total	4,232,938,814	100.00%





**County of Fresno
Portfolio Management
Portfolio Summary
December 31, 2019**

Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.
Bank Accounts	40,062,675.13	40,062,675.13	40,062,675.13	0.96	1	1	1.489
Federal Agency Coupons	2,149,924,000.00	2,175,268,592.14	2,154,568,279.16	51.55	1,718	947	1.938
Medium Term Notes	822,517,000.00	834,988,658.10	820,744,382.60	19.64	1,649	971	2.596
Treasury Notes	348,500,000.00	349,539,365.24	348,693,183.33	8.34	1,469	425	1.760
Mutual Funds	80,000,000.00	80,000,000.00	80,000,000.00	1.91	1	1	1.509
Local Agency Investment Funds	65,000,000.00	65,000,000.00	65,000,000.00	1.56	1	1	2.015
Bank Money Market Accounts	525,811,134.82	525,811,134.82	525,811,134.82	12.58	1	1	1.810
Municipal Bonds	143,500,000.00	145,488,485.00	144,871,640.06	3.47	1,658	1,106	2.102
	4,175,314,809.95	4,216,158,910.43	4,179,751,295.10	100.00%	1,390	753	2.031

Total Earnings	December 31 Month Ending	Fiscal Year To Date
Current Year	7,027,144.12	39,904,284.46
Average Daily Balance	4,031,470,945.23	3,703,534,865.03
Effective Rate of Return	2.05%	2.14%

Oscar J. Garcia, CPA, Treasurer/ Tax Collector

Reporting period 12/01/2019-12/31/2019

Run Date: 01/21/2020 - 10:23

Portfolio FSNO
AC
PM (PRF_PM1) 7.3.11
Report Ver. 7.3.11

**County of Fresno
Portfolio Management
Portfolio Details - Investments
December 31, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's	Maturity Date
Bank Accounts											
SYS03400A	03400A	BANK OF THE WEST			40,062,675.13	40,062,675.13	40,062,675.13	1.510	1.510		
Subtotal and Average			18,801,542.86		40,062,675.13	40,062,675.13	40,062,675.13		1.510		
Federal Agency Coupons											
3133EEW55	17316	FEDERAL FARM CREDIT BANK		06/15/2015	10,000,000.00	10,010,145.40	9,996,234.38	1.800	1.887	AA+	Aaa 06/15/2020
3133EFYZ4	17359	FEDERAL FARM CREDIT BANK		02/29/2016	17,800,000.00	17,763,100.60	17,788,411.57	1.375	1.436	AA+	Aaa 02/10/2021
3133EGYQ2	17410	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,971,057.10	9,990,205.67	1.400	1.457	AA+	Aaa 10/14/2021
3133EGZJ7	17411	FEDERAL FARM CREDIT BANK		10/27/2016	10,000,000.00	9,965,900.80	9,985,679.66	1.375	1.457	AA+	Aaa 10/25/2021
3133EG5D3	17447	FEDERAL FARM CREDIT BANK		01/27/2017	50,000,000.00	50,443,163.00	50,000,000.00	2.030	2.030	AA+	Aaa 01/27/2022
3133EHJT1	17479	FEDERAL FARM CREDIT BANK		05/18/2017	5,000,000.00	5,046,453.60	4,997,286.17	2.000	2.024	AA+	Aaa 05/18/2022
3133EEY20	17495	FEDERAL FARM CREDIT BANK		09/21/2017	10,000,000.00	10,191,606.00	10,110,516.30	2.400	1.928	AA+	Aaa 06/17/2022
3133EHVS9	17499	FEDERAL FARM CREDIT BANK		09/28/2017	5,500,000.00	5,533,081.57	5,481,755.58	1.840	1.972	AA+	Aaa 08/23/2022
3133EJBP3	17535	FEDERAL FARM CREDIT BANK		02/07/2018	10,000,000.00	10,260,926.10	9,973,342.19	2.500	2.593	AA+	Aaa 02/02/2023
3133EJBP3	17536	FEDERAL FARM CREDIT BANK		02/28/2018	51,180,000.00	52,515,419.78	50,795,114.63	2.500	2.762	AA+	Aaa 02/02/2023
3133EH7F4	17557	FEDERAL FARM CREDIT BANK		04/19/2018	19,869,000.00	20,292,910.48	19,617,155.91	2.350	2.797	AA+	Aaa 01/17/2023
3133EJUS6	17584	FEDERAL FARM CREDIT BANK		07/17/2018	20,000,000.00	20,850,253.40	19,998,156.89	2.875	2.878	AA+	Aaa 07/17/2023
3133EJUS6	17589	FEDERAL FARM CREDIT BANK		07/25/2018	30,000,000.00	31,275,380.10	29,931,429.24	2.875	2.945	AA+	Aaa 07/17/2023
3133EJUS6	17593	FEDERAL FARM CREDIT BANK		09/19/2018	10,000,000.00	10,425,126.70	9,949,356.46	2.875	3.029	AA+	Aaa 07/17/2023
3133EJK57	17606	FEDERAL FARM CREDIT BANK		12/20/2018	17,000,000.00	17,846,466.89	17,172,364.92	3.080	2.775	AA+	Aaa 07/24/2023
3133EJUS6	17607	FEDERAL FARM CREDIT BANK		12/20/2018	2,910,000.00	3,033,711.87	2,919,730.42	2.875	2.774	AA+	Aaa 07/17/2023
3133EJ4G1	17610	FEDERAL FARM CREDIT BANK		12/28/2018	65,000,000.00	67,549,528.15	64,962,887.60	2.770	2.787	AA+	Aaa 07/28/2023
3133EJUS6	17615	FEDERAL FARM CREDIT BANK		01/18/2019	20,000,000.00	20,850,253.40	20,130,043.24	2.875	2.679	AA+	Aaa 07/17/2023
3133EJ5W5	17618	FEDERAL FARM CREDIT BANK		02/26/2019	2,945,000.00	3,054,558.39	2,952,069.14	2.650	2.583	AA+	Aaa 10/23/2023
3133EKBW5	17620	FEDERAL FARM CREDIT BANK		02/28/2019	20,000,000.00	20,706,480.20	20,015,334.21	2.610	2.590	AA+	Aaa 02/27/2024
3133EKBW5	17622	FEDERAL FARM CREDIT BANK		03/01/2019	20,000,000.00	20,706,480.20	19,986,672.61	2.610	2.627	AA+	Aaa 02/27/2024
3133EKVV4	17647	FEDERAL FARM CREDIT BANK		08/28/2019	4,950,000.00	4,970,391.13	5,044,140.89	1.850	1.455	AA+	Aaa 07/26/2024
3133EKVV4	17648	FEDERAL FARM CREDIT BANK		08/28/2019	15,000,000.00	15,061,791.30	15,278,827.54	1.850	1.464	AA+	Aaa 07/26/2024
3133EKVV4	17649	FEDERAL FARM CREDIT BANK		09/13/2019	17,941,000.00	18,014,906.51	18,097,670.29	1.850	1.705	AA+	Aaa 07/26/2024
3133EKHV1	17655	FEDERAL FARM CREDIT BANK		10/16/2019	2,292,000.00	2,361,491.63	2,385,542.58	2.450	1.646	AA+	Aaa 07/22/2024
3133ELCS1	17666	FEDERAL FARM CREDIT BANK		12/11/2019	20,000,000.00	19,856,813.60	19,939,600.00	1.550	1.625	AA+	Aaa 03/11/2024
3133ELCS1	17667	FEDERAL FARM CREDIT BANK		12/11/2019	25,000,000.00	24,821,017.00	24,921,045.75	1.550	1.628	AA+	Aaa 03/11/2024
3133ELEM2	17674	FEDERAL FARM CREDIT BANK		12/17/2019	25,000,000.00	24,956,578.25	25,000,000.00	1.700	1.700	AA+	Aaa 05/17/2024
313383HU8	17315	FEDERAL HOME LOAN BANK		06/12/2015	20,000,000.00	20,005,613.00	19,999,914.13	1.750	1.751	AA+	Aaa 06/12/2020
313383HU8	17317	FEDERAL HOME LOAN BANK		06/26/2015	12,615,000.00	12,618,540.40	12,610,915.23	1.750	1.826	AA+	Aaa 06/12/2020
3130A7CV5	17363	FEDERAL HOME LOAN BANK		03/03/2016	5,000,000.00	4,987,678.00	4,991,806.42	1.375	1.526	AA+	Aaa 02/18/2021
313376XN0	17364	FEDERAL HOME LOAN BANK		03/03/2016	820,000.00	823,761.61	824,731.79	2.100	1.554	AA+	Aaa 02/08/2021

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Federal Agency Coupons											
3130A7CV5	17371	FEDERAL HOME LOAN BANK		04/21/2016	10,000,000.00	9,975,356.00	9,996,930.51	1.375	1.403	AA+ Aaa	02/18/2021
313381CA1	17372	FEDERAL HOME LOAN BANK		04/21/2016	5,000,000.00	4,986,902.35	5,000,268.74	1.375	1.369	AA+ Aaa	12/11/2020
3130A7CV5	17376	FEDERAL HOME LOAN BANK		05/20/2016	5,000,000.00	4,987,678.00	4,994,983.99	1.375	1.467	AA+ Aaa	02/18/2021
3130A7CV5	17379	FEDERAL HOME LOAN BANK		05/25/2016	10,000,000.00	9,975,356.00	9,987,366.99	1.375	1.491	AA+ Aaa	02/18/2021
3130A1W95	17386	FEDERAL HOME LOAN BANK		07/15/2016	30,000,000.00	30,263,110.50	30,418,991.62	2.250	1.250	AA+ Aaa	06/11/2021
3130A7CV5	17388	FEDERAL HOME LOAN BANK		08/08/2016	10,000,000.00	9,975,356.00	10,022,062.90	1.375	1.174	AA+ Aaa	02/18/2021
3130A8QS5	17389	FEDERAL HOME LOAN BANK		08/08/2016	15,000,000.00	14,887,941.30	14,973,470.95	1.125	1.244	AA+ Aaa	07/14/2021
313379RB7	17392	FEDERAL HOME LOAN BANK		08/17/2016	10,000,000.00	10,032,119.90	10,079,243.32	1.875	1.307	AA+ Aaa	06/11/2021
3130A8QS5	17399	FEDERAL HOME LOAN BANK		08/29/2016	3,955,000.00	3,925,453.86	3,943,634.48	1.125	1.319	AA+ Aaa	07/14/2021
3130A8QS5	17400	FEDERAL HOME LOAN BANK		09/13/2016	15,000,000.00	14,887,941.30	14,954,155.95	1.125	1.331	AA+ Aaa	07/14/2021
3130A8QS5	17403	FEDERAL HOME LOAN BANK		09/28/2016	10,000,000.00	9,925,294.20	9,982,887.50	1.125	1.240	AA+ Aaa	07/14/2021
3133752P1	17405	FEDERAL HOME LOAN BANK		10/05/2016	5,700,000.00	5,863,379.61	5,887,310.28	3.500	1.342	AA+ Aaa	07/29/2021
3130A8QS5	17408	FEDERAL HOME LOAN BANK		10/13/2016	10,000,000.00	9,925,294.20	9,956,267.43	1.125	1.420	AA+ Aaa	07/14/2021
3130A8QS5	17414	FEDERAL HOME LOAN BANK		11/14/2016	10,000,000.00	9,925,294.20	9,940,160.79	1.125	1.530	AA+ Aaa	07/14/2021
3130A1W95	17420	FEDERAL HOME LOAN BANK		11/29/2016	18,470,000.00	18,631,988.36	18,574,695.02	2.250	1.839	AA+ Aaa	06/11/2021
3130A7CV5	17457	FEDERAL HOME LOAN BANK		03/20/2017	20,000,000.00	19,950,712.00	19,893,810.00	1.375	1.864	AA+ Aaa	02/18/2021
3130AAX45	17460	FEDERAL HOME LOAN BANK		03/28/2017	15,000,000.00	15,032,150.10	15,016,622.66	1.875	1.768	AA+ Aaa	01/28/2021
3130A8QS5	17464	FEDERAL HOME LOAN BANK		04/06/2017	20,000,000.00	19,850,588.40	19,799,183.84	1.125	1.807	AA+ Aaa	07/14/2021
3130AB3M6	17465	FEDERAL HOME LOAN BANK		04/10/2017	5,000,000.00	5,009,725.20	5,001,595.72	1.875	1.853	AA+ Aaa	06/30/2021
313379RB7	17466	FEDERAL HOME LOAN BANK		04/11/2017	15,000,000.00	15,048,179.85	15,005,980.00	1.875	1.846	AA+ Aaa	06/11/2021
313379Q69	17485	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	5,057,595.00	5,027,006.31	2.125	1.892	AA+ Aaa	06/10/2022
313379Q69	17486	FEDERAL HOME LOAN BANK		06/28/2017	5,000,000.00	5,057,595.00	5,027,030.98	2.125	1.892	AA+ Aaa	06/10/2022
313379Q69	17487	FEDERAL HOME LOAN BANK		06/28/2017	3,820,000.00	3,864,002.58	3,841,000.26	2.125	1.888	AA+ Aaa	06/10/2022
313379Q69	17488	FEDERAL HOME LOAN BANK		07/07/2017	13,470,000.00	13,625,160.93	13,507,997.94	2.125	2.003	AA+ Aaa	06/10/2022
3130AC5A8	17494	FEDERAL HOME LOAN BANK		09/19/2017	10,000,000.00	10,050,986.70	9,988,379.07	1.850	1.896	AA+ Aaa	08/15/2022
3130AC5A8	17496	FEDERAL HOME LOAN BANK		09/27/2017	9,280,000.00	9,327,315.66	9,262,439.50	1.850	1.926	AA+ Aaa	08/15/2022
313379Q69	17498	FEDERAL HOME LOAN BANK		09/27/2017	20,000,000.00	20,230,380.00	20,113,911.75	2.125	1.880	AA+ Aaa	06/10/2022
3130ACKC7	17500	FEDERAL HOME LOAN BANK		10/18/2017	50,000,000.00	50,425,383.50	50,000,000.00	1.950	1.950	AA+ Aaa	07/18/2022
3130ACM27	17502	FEDERAL HOME LOAN BANK		10/12/2017	15,000,000.00	15,126,728.55	14,991,853.13	1.950	1.973	AA+ Aaa	07/11/2022
3130ACM27	17509	FEDERAL HOME LOAN BANK		10/19/2017	4,455,000.00	4,492,638.38	4,449,164.26	1.950	2.005	AA+ Aaa	07/11/2022
3130ACUV4	17512	FEDERAL HOME LOAN BANK		11/30/2017	50,000,000.00	50,580,770.00	50,000,000.00	2.070	2.070	AA+ Aaa	07/29/2022
3130ACUZ5	17513	FEDERAL HOME LOAN BANK		11/24/2017	23,000,000.00	23,244,038.05	22,988,482.68	2.060	2.082	AA+ Aaa	05/24/2022
3130ACYP3	17515	FEDERAL HOME LOAN BANK		12/05/2017	20,000,000.00	20,246,884.80	19,989,942.49	2.100	2.121	AA+ Aaa	07/27/2022
313379Q69	17516	FEDERAL HOME LOAN BANK		12/01/2017	2,000,000.00	2,023,038.00	1,999,626.60	2.125	2.133	AA+ Aaa	06/10/2022
3130ACUV4	17517	FEDERAL HOME LOAN BANK		12/06/2017	8,890,000.00	8,993,260.91	8,869,545.33	2.070	2.165	AA+ Aaa	07/29/2022
313379Q69	17527	FEDERAL HOME LOAN BANK		12/20/2017	1,900,000.00	1,921,886.10	1,895,485.54	2.125	2.228	AA+ Aaa	06/10/2022

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Federal Agency Coupons											
3130A5P45	17528	FEDERAL HOME LOAN BANK		12/20/2017	1,925,000.00	1,962,488.76	1,931,550.75	2.375	2.228	AA+ Aaa	06/10/2022
3130ACXH2	17567	FEDERAL HOME LOAN BANK		12/04/2017	25,000,000.00	25,242,131.75	24,954,909.50	2.020	2.099	AA+ Aaa	05/25/2022
3130AEEW6	17572	FEDERAL HOME LOAN BANK		06/07/2018	21,150,000.00	21,947,606.90	21,061,480.54	2.760	2.893	AA+ Aaa	05/30/2023
3130AEAP5	17576	FEDERAL HOME LOAN BANK		05/30/2018	50,000,000.00	52,075,653.00	49,982,623.31	2.875	2.886	AA+ Aaa	05/30/2023
3130AFBD8	17608	FEDERAL HOME LOAN BANK		12/20/2018	12,500,000.00	13,147,987.63	12,646,176.22	3.125	2.774	AA+ Aaa	07/25/2023
3130A0F70	17613	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,622,759.00	10,236,059.32	3.375	2.730	AA+ Aaa	12/08/2023
3130AFQL4	17614	FEDERAL HOME LOAN BANK		01/18/2019	10,000,000.00	10,373,574.00	9,979,163.89	2.640	2.699	AA+ Aaa	10/27/2023
3130AFQL4	17619	FEDERAL HOME LOAN BANK		02/26/2019	4,905,000.00	5,088,238.05	4,915,037.60	2.640	2.583	AA+ Aaa	10/27/2023
3130AFRW9	17621	FEDERAL HOME LOAN BANK		02/28/2019	20,000,000.00	20,779,745.00	20,086,515.52	2.700	2.574	AA+ Aaa	08/28/2023
3130AFRW9	17623	FEDERAL HOME LOAN BANK		03/01/2019	20,000,000.00	20,779,745.00	20,064,750.46	2.700	2.606	AA+ Aaa	08/28/2023
3130A0F70	17632	FEDERAL HOME LOAN BANK		04/04/2019	11,200,000.00	11,897,490.08	11,615,372.85	3.375	2.373	AA+ Aaa	12/08/2023
3130AGA88	17633	FEDERAL HOME LOAN BANK		04/05/2019	50,000,000.00	51,423,602.00	49,968,040.95	2.320	2.337	AA+ Aaa	01/29/2024
3133X8EW8	17651	FEDERAL HOME LOAN BANK		09/26/2019	3,760,000.00	4,368,743.74	4,401,958.34	5.375	1.653	AA+ Aaa	08/15/2024
3130A2UW4	17654	FEDERAL HOME LOAN BANK		10/15/2019	10,000,000.00	10,523,297.00	10,567,895.15	2.875	1.668	AA+ Aaa	09/13/2024
3130AGWK7	17658	FEDERAL HOME LOAN BANK		10/23/2019	10,000,000.00	9,922,704.60	9,956,014.96	1.500	1.662	AA+ Aaa	08/15/2024
3130AGWK7	17662	FEDERAL HOME LOAN BANK		11/05/2019	12,500,000.00	12,403,380.75	12,457,498.39	1.500	1.651	AA+ Aaa	08/15/2024
3130AGWK7	17676	FEDERAL HOME LOAN BANK		12/18/2019	10,000,000.00	9,922,704.60	9,948,631.78	1.500	1.731	AA+ Aaa	08/15/2024
3137EADR7	17303	FEDERAL HOME MORTGAGE CO		05/06/2015	10,000,000.00	9,990,775.00	9,991,797.21	1.375	1.632	AA+ Aaa	05/01/2020
3137EADR7	17309	FEDERAL HOME MORTGAGE CO		05/08/2015	10,000,000.00	9,990,775.00	9,991,328.95	1.375	1.647	AA+ Aaa	05/01/2020
3134G44G0	17328	FEDERAL HOME MORTGAGE CO		10/29/2015	5,000,000.00	4,997,387.80	4,999,546.28	1.500	1.524	AA+ Aaa	05/22/2020
3137EAEC9	17393	FEDERAL HOME MORTGAGE CO		08/17/2016	10,000,000.00	9,926,230.50	9,969,250.70	1.125	1.322	AA+ Aaa	08/12/2021
3134G9M79	17463	FEDERAL HOME MORTGAGE CO		04/06/2017	4,410,000.00	4,428,399.49	4,409,519.95	1.875	1.882	AA+ Aaa	07/26/2021
3134G9N86	17476	FEDERAL HOME MORTGAGE CO		05/11/2017	6,170,000.00	6,195,789.86	6,167,696.42	1.875	1.900	AA+ Aaa	07/27/2021
3135G0A78	17299	FEDERAL NATIONAL MORTGAGE		03/04/2015	20,000,000.00	20,000,541.00	19,999,180.42	1.625	1.702	AA+ Aaa	01/21/2020
3135G0A78	17307	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	10,000,270.50	10,000,014.18	1.625	1.622	AA+ Aaa	01/21/2020
3135G0A78	17308	FEDERAL NATIONAL MORTGAGE		05/08/2015	10,000,000.00	10,000,270.50	10,000,025.63	1.625	1.620	AA+ Aaa	01/21/2020
3135G0A78	17312	FEDERAL NATIONAL MORTGAGE		06/03/2015	15,000,000.00	15,000,405.75	14,999,918.88	1.625	1.635	AA+ Aaa	01/21/2020
3135G0D75	17327	FEDERAL NATIONAL MORTGAGE		10/29/2015	20,000,000.00	19,985,942.20	19,996,790.56	1.500	1.535	AA+ Aaa	06/22/2020
3135G0A78	17329	FEDERAL NATIONAL MORTGAGE		10/29/2015	10,000,000.00	10,000,270.50	10,000,981.60	1.625	1.442	AA+ Aaa	01/21/2020
3135G0RM7	17330	FEDERAL NATIONAL MORTGAGE		10/30/2015	10,060,000.00	10,052,750.56	10,064,311.38	1.630	1.576	AA+ Aaa	10/30/2020
3135G0D75	17331	FEDERAL NATIONAL MORTGAGE		10/30/2015	5,950,000.00	5,945,817.80	5,948,119.66	1.500	1.569	AA+ Aaa	06/22/2020
3135G0A78	17332	FEDERAL NATIONAL MORTGAGE		11/04/2015	10,000,000.00	10,000,270.50	10,000,540.54	1.625	1.524	AA+ Aaa	01/21/2020
3135G0D75	17333	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,996,485.55	4,997,124.37	1.500	1.626	AA+ Aaa	06/22/2020
3135G0D75	17334	FEDERAL NATIONAL MORTGAGE		11/04/2015	5,000,000.00	4,996,485.55	4,997,103.87	1.500	1.627	AA+ Aaa	06/22/2020
3135G0A78	17335	FEDERAL NATIONAL MORTGAGE		11/06/2015	10,000,000.00	10,000,270.50	10,000,191.68	1.625	1.589	AA+ Aaa	01/21/2020
3135G0D75	17336	FEDERAL NATIONAL MORTGAGE		11/06/2015	5,000,000.00	4,996,485.55	4,995,930.28	1.500	1.679	AA+ Aaa	06/22/2020

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Federal Agency Coupons											
3135G0D75	17338	FEDERAL NATIONAL MORTGAGE		12/17/2015	30,000,000.00	29,978,913.30	29,962,631.50	1.500	1.774	AA+	Aaa 06/22/2020
3135G0D75	17339	FEDERAL NATIONAL MORTGAGE		12/17/2015	20,000,000.00	19,985,942.20	19,973,361.88	1.500	1.793	AA+	Aaa 06/22/2020
3135G0D75	17340	FEDERAL NATIONAL MORTGAGE		12/22/2015	10,000,000.00	9,992,971.10	9,990,799.78	1.500	1.702	AA+	Aaa 06/22/2020
3135G0A78	17341	FEDERAL NATIONAL MORTGAGE		12/22/2015	20,000,000.00	20,000,541.00	20,000,116.54	1.625	1.614	AA+	Aaa 01/21/2020
3135G0A78	17342	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	10,000,270.50	10,000,036.78	1.625	1.618	AA+	Aaa 01/21/2020
3135G0D75	17343	FEDERAL NATIONAL MORTGAGE		12/23/2015	10,000,000.00	9,992,971.10	9,990,071.65	1.500	1.718	AA+	Aaa 06/22/2020
3135G0A78	17344	FEDERAL NATIONAL MORTGAGE		12/23/2015	20,000,000.00	20,000,541.00	20,000,052.32	1.625	1.620	AA+	Aaa 01/21/2020
3135G0H55	17374	FEDERAL NATIONAL MORTGAGE		05/20/2016	10,000,000.00	10,024,372.50	10,043,804.63	1.875	1.417	AA+	Aaa 12/28/2020
3135G0K69	17380	FEDERAL NATIONAL MORTGAGE		05/25/2016	10,000,000.00	9,952,851.70	9,964,699.30	1.250	1.523	AA+	Aaa 05/06/2021
3135G0N82	17396	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,947,165.00	9,993,150.22	1.250	1.294	AA+	Aaa 08/17/2021
3135G0N82	17397	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,947,165.00	9,986,267.67	1.250	1.337	AA+	Aaa 08/17/2021
3135G0N82	17398	FEDERAL NATIONAL MORTGAGE		08/29/2016	10,000,000.00	9,947,165.00	9,983,088.59	1.250	1.358	AA+	Aaa 08/17/2021
3135G0K69	17402	FEDERAL NATIONAL MORTGAGE		09/28/2016	25,000,000.00	24,882,129.25	25,004,876.25	1.250	1.235	AA+	Aaa 05/06/2021
3135G0Q89	17406	FEDERAL NATIONAL MORTGAGE		10/07/2016	20,000,000.00	19,924,028.80	19,988,410.67	1.375	1.409	AA+	Aaa 10/07/2021
3135G0Q89	17407	FEDERAL NATIONAL MORTGAGE		10/13/2016	10,000,000.00	9,962,014.40	9,979,083.61	1.375	1.498	AA+	Aaa 10/07/2021
3135G0Q89	17409	FEDERAL NATIONAL MORTGAGE		10/27/2016	5,000,000.00	4,981,007.20	4,993,461.35	1.375	1.452	AA+	Aaa 10/07/2021
3135G0K69	17412	FEDERAL NATIONAL MORTGAGE		11/02/2016	10,000,000.00	9,952,851.70	9,983,072.78	1.250	1.380	AA+	Aaa 05/06/2021
3135G0K69	17413	FEDERAL NATIONAL MORTGAGE		11/14/2016	8,000,000.00	7,962,281.36	7,971,333.25	1.250	1.526	AA+	Aaa 05/06/2021
3135G0S38	17440	FEDERAL NATIONAL MORTGAGE		01/09/2017	20,000,000.00	20,154,141.20	19,981,738.75	2.000	2.048	AA+	Aaa 01/05/2022
3135G0S38	17441	FEDERAL NATIONAL MORTGAGE		01/09/2017	10,000,000.00	10,077,070.60	9,990,492.06	2.000	2.050	AA+	Aaa 01/05/2022
3135G0S38	17459	FEDERAL NATIONAL MORTGAGE		03/28/2017	10,000,000.00	10,077,070.60	10,002,825.16	2.000	1.985	AA+	Aaa 01/05/2022
3136G2CS4	17461	FEDERAL NATIONAL MORTGAGE		03/28/2017	5,000,000.00	5,033,386.75	5,001,451.29	2.000	1.985	AA+	Aaa 01/27/2022
3135G0S38	17480	FEDERAL NATIONAL MORTGAGE		06/02/2017	5,000,000.00	5,038,535.30	5,016,117.45	2.000	1.832	AA+	Aaa 01/05/2022
3135G0S38	17481	FEDERAL NATIONAL MORTGAGE		06/12/2017	5,000,000.00	5,038,535.30	5,016,028.56	2.000	1.833	AA+	Aaa 01/05/2022
3135G0T78	17501	FEDERAL NATIONAL MORTGAGE		10/10/2017	20,000,000.00	20,215,078.20	19,987,905.87	2.000	2.023	AA+	Aaa 10/05/2022
3135G0T78	17531	FEDERAL NATIONAL MORTGAGE		01/11/2018	5,000,000.00	5,053,769.55	4,950,749.17	2.000	2.379	AA+	Aaa 10/05/2022
3135G0T94	17533	FEDERAL NATIONAL MORTGAGE		01/23/2018	40,000,000.00	40,903,187.60	39,854,129.84	2.375	2.503	AA+	Aaa 01/19/2023
3135G0U43	17631	FEDERAL NATIONAL MORTGAGE		03/27/2019	20,000,000.00	20,877,142.20	20,440,930.03	2.875	2.245	AA+	Aaa 09/12/2023
3135G0V75	17652	FEDERAL NATIONAL MORTGAGE		09/26/2019	35,000,000.00	35,039,901.75	35,312,600.60	1.750	1.631	AA+	Aaa 07/02/2024
3135G0V75	17656	FEDERAL NATIONAL MORTGAGE		10/16/2019	10,000,000.00	10,011,400.50	10,095,427.81	1.750	1.639	AA+	Aaa 07/02/2024
3135G0V75	17659	FEDERAL NATIONAL MORTGAGE		10/23/2019	10,000,000.00	10,011,400.50	10,086,196.93	1.750	1.668	AA+	Aaa 07/02/2024
3135G0V75	17660	FEDERAL NATIONAL MORTGAGE		10/28/2019	8,632,000.00	8,641,840.91	8,702,502.79	1.750	1.684	AA+	Aaa 07/02/2024
3135G0V75	17661	FEDERAL NATIONAL MORTGAGE		11/05/2019	23,000,000.00	23,026,221.15	23,220,184.99	1.750	1.660	AA+	Aaa 07/02/2024
3135G0V75	17663	FEDERAL NATIONAL MORTGAGE		11/08/2019	25,000,000.00	25,028,501.25	25,054,567.35	1.750	1.835	AA+	Aaa 07/02/2024
3135G0V75	17668	FEDERAL NATIONAL MORTGAGE		12/06/2019	25,000,000.00	25,028,501.25	25,262,831.49	1.750	1.673	AA+	Aaa 07/02/2024
3135G0V75	17669	FEDERAL NATIONAL MORTGAGE		12/06/2019	15,000,000.00	15,017,100.75	15,160,963.55	1.750	1.668	AA+	Aaa 07/02/2024

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Federal Agency Coupons											
3135G0V75	17670	FEDERAL NATIONAL MORTGAGE		12/09/2019	15,000,000.00	15,017,100.75	15,132,154.90	1.750	1.716	AA+	Aaa 07/02/2024
3135G0V75	17671	FEDERAL NATIONAL MORTGAGE		12/09/2019	25,000,000.00	25,028,501.25	25,221,984.72	1.750	1.714	AA+	Aaa 07/02/2024
3135G0V75	17673	FEDERAL NATIONAL MORTGAGE		12/12/2019	25,000,000.00	25,028,501.25	25,219,523.36	1.750	1.720	AA+	Aaa 07/02/2024
3135G0V75	17675	FEDERAL NATIONAL MORTGAGE		12/13/2019	20,000,000.00	20,022,801.00	20,134,078.94	1.750	1.769	AA+	Aaa 07/02/2024
742651DP4	17643	PRIVATE EXPORT FUNDING CO		07/15/2019	10,000,000.00	10,189,086.40	10,192,993.56	2.450	2.001		Aaa 07/15/2024
742651DP4	17644	PRIVATE EXPORT FUNDING CO		07/15/2019	10,000,000.00	10,189,086.40	10,189,099.19	2.450	2.010		Aaa 07/15/2024
Subtotal and Average			2,088,081,127.29		2,149,924,000.00	2,175,268,592.14	2,154,568,279.16		1.965		
Medium Term Notes											
037833BD1	17348	APPLE INC		12/28/2015	10,000,000.00	10,007,273.10	9,999,697.07	2.000	2.009	AA+	Aa1 05/06/2020
037833CC2	17425	APPLE INC		12/13/2016	5,000,000.00	4,981,244.05	4,949,146.68	1.550	2.226	AA+	Aa1 08/04/2021
037833BS8	17443	APPLE INC		01/19/2017	10,000,000.00	10,059,515.20	10,000,000.00	2.250	2.250	AA+	Aa1 02/23/2021
037833CM0	17448	APPLE INC		02/21/2017	15,000,000.00	15,226,275.15	14,984,356.71	2.500	2.553	AA+	Aa1 02/09/2022
037833AY6	17470	APPLE INC		04/18/2017	10,000,000.00	10,084,882.30	9,990,993.64	2.150	2.195	AA+	Aa1 02/09/2022
037833CQ1	17475	APPLE INC		05/11/2017	20,000,000.00	20,240,127.20	19,977,333.33	2.300	2.351	AA+	Aa1 05/11/2022
037833BU3	17540	APPLE INC		03/01/2018	10,000,000.00	10,285,976.10	9,938,093.75	2.850	3.064	AA+	Aa1 02/23/2023
037833DE7	17541	APPLE INC		03/01/2018	2,500,000.00	2,541,521.83	2,453,727.12	2.400	3.060	AA+	Aa1 01/13/2023
037833AK6	17563	APPLE INC		05/03/2018	5,000,000.00	5,085,317.50	4,865,643.11	2.400	3.279	AA+	Aa1 05/03/2023
037833AK6	17564	APPLE INC		05/03/2018	5,000,000.00	5,085,317.50	4,865,509.56	2.400	3.280	AA+	Aa1 05/03/2023
037833AK6	17581	APPLE INC		06/22/2018	10,000,000.00	10,170,635.00	9,740,516.28	2.400	3.246	AA+	Aa1 05/03/2023
084670BF4	17520	BERKSHIRE HATHAWAY		12/14/2017	15,000,000.00	15,537,648.75	15,308,849.09	3.400	2.355	AA	Aa2 01/31/2022
06406HCZ0	17297	BANK OF NEW YORK		03/04/2015	3,000,000.00	3,000,250.95	3,000,267.37	2.150	2.086	A	A1 02/24/2020
06406HDD8	17347	BANK OF NEW YORK		12/28/2015	5,000,000.00	5,020,206.75	5,005,247.15	2.600	2.422	A	A1 08/17/2020
06406HBP3	17350	BANK OF NEW YORK		12/28/2015	5,000,000.00	5,004,151.25	5,004,283.45	4.600	2.281	A	A1 01/15/2020
06406RAA5	17469	BANK OF NEW YORK		04/18/2017	10,000,000.00	10,152,070.30	10,034,835.47	2.600	2.423	A	A1 02/07/2022
06406FAB9	17490	BANK OF NEW YORK		07/18/2017	7,500,000.00	7,523,857.88	7,476,906.37	2.050	2.291	A	A1 05/03/2021
14912L6J5	17360	CATERPILLAR		03/04/2016	8,278,000.00	8,279,258.67	8,276,805.49	2.000	2.085	A	A3 03/05/2020
14912L6U0	17401	CATERPILLAR		09/16/2016	15,294,000.00	15,272,021.45	15,239,145.29	1.700	1.935	A	A3 08/09/2021
166764AY6	17346	CHEVRON CORP		12/28/2015	10,000,000.00	10,044,455.30	9,995,706.42	2.419	2.471	AA	Aa2 11/17/2020
166764BG4	17471	CHEVRON CORP		04/25/2017	20,000,000.00	20,126,300.80	19,996,815.20	2.100	2.112	AA	Aa2 05/16/2021
166764BK5	17571	CHEVRON CORP		06/08/2018	10,000,000.00	10,201,786.90	9,769,252.50	2.566	3.313	AA	Aa2 05/16/2023
166764BK5	17579	CHEVRON CORP		06/22/2018	5,000,000.00	5,100,893.45	4,892,148.09	2.566	3.262	AA	Aa2 05/16/2023
166764BK5	17585	CHEVRON CORP		07/25/2018	6,288,000.00	6,414,883.60	6,148,001.00	2.566	3.284	AA	Aa2 05/16/2023
166764BK5	17626	CHEVRON CORP		03/04/2019	7,966,000.00	8,126,743.44	7,888,864.94	2.566	2.872	AA	Aa2 05/16/2023
24422ERY7	17349	JOHN DEERE		12/28/2015	9,000,000.00	8,999,205.93	8,998,076.71	1.700	2.278	A	A2 01/15/2020
24422ETF6	17362	JOHN DEERE		03/04/2016	5,000,000.00	5,035,581.00	5,019,249.61	2.550	2.150	A	A2 01/08/2021

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Medium Term Notes											
24422ERH4	17427	JOHN DEERE		12/13/2016	8,707,000.00	8,922,053.67	8,813,191.21	3.150	2.423	A	A2 10/15/2021
24422ERT8	17635	JOHN DEERE		05/28/2019	11,125,000.00	11,397,931.74	11,172,024.81	2.800	2.654	A	A2 01/27/2023
24422EUA5	17637	JOHN DEERE		06/06/2019	10,000,000.00	10,225,554.80	10,038,858.14	2.700	2.564	A	A2 01/06/2023
24422EUA5	17638	JOHN DEERE		06/06/2019	5,000,000.00	5,112,777.40	5,019,639.34	2.700	2.562	A	A2 01/06/2023
24422ETT6	17650	JOHN DEERE		09/19/2019	7,059,000.00	7,259,639.44	7,182,455.27	2.650	2.236	A	A2 06/24/2024
24422EUR8	17665	JOHN DEERE		11/26/2019	5,000,000.00	5,270,916.30	5,339,099.92	3.450	2.024	A	A2 01/10/2024
24422EUR8	17672	JOHN DEERE		12/12/2019	3,306,000.00	3,485,129.86	3,535,232.99	3.450	2.025	A	A2 01/10/2024
24422EUR8	17678	JOHN DEERE		12/27/2019	6,413,000.00	6,760,477.25	6,856,378.73	3.450	2.067	A	A2 01/10/2024
46625HNX4	17361	JP MORGAN		03/04/2016	6,181,000.00	6,209,114.40	6,182,033.68	2.550	2.528	A-	A2 10/29/2020
46625HJH4	17559	JP MORGAN		04/26/2018	10,000,000.00	10,320,437.80	9,900,711.06	3.200	3.554	A-	A2 01/25/2023
46632FPH2	17590	JP MORGAN		08/14/2018	30,000,000.00	31,218,000.00	30,000,000.00	3.450	3.450	A+	Aa2 07/14/2023
46632FPT6	17627	JP MORGAN		03/06/2019	30,000,000.00	30,033,000.00	30,000,000.00	3.050	3.050	A+	Aa2 01/26/2024
46632FPX7	17634	JP MORGAN		05/15/2019	40,000,000.00	40,440,000.00	40,000,000.00	2.775	2.775	A+	Aa2 05/15/2024
594918BP8	17394	MICROSOFT		08/22/2016	15,000,000.00	14,980,152.90	14,996,753.16	1.550	1.564	AAA	Aaa 08/08/2021
594918BP8	17424	MICROSOFT		12/13/2016	5,000,000.00	4,993,384.30	4,951,773.13	1.550	2.186	AAA	Aaa 08/08/2021
594918BW3	17449	MICROSOFT		02/21/2017	6,725,000.00	6,820,066.62	6,722,604.96	2.400	2.418	AAA	Aaa 02/06/2022
594918BA1	17450	MICROSOFT		02/21/2017	6,450,000.00	6,537,771.54	6,444,496.84	2.375	2.418	AAA	Aaa 02/12/2022
594918BW3	17525	MICROSOFT		12/21/2017	17,375,000.00	17,620,618.21	17,375,000.00	2.400	2.400	AAA	Aaa 02/06/2022
594918AT1	17580	MICROSOFT		06/22/2018	10,000,000.00	10,171,737.40	9,758,339.62	2.375	3.162	AAA	Aaa 05/01/2023
594918BQ6	17616	MICROSOFT		02/07/2019	2,880,000.00	2,900,576.13	2,809,187.16	2.000	2.730	AAA	Aaa 08/08/2023
594918BQ6	17617	MICROSOFT		02/11/2019	20,000,000.00	20,142,889.80	19,530,609.52	2.000	2.696	AAA	Aaa 08/08/2023
594918BQ6	17624	MICROSOFT		03/04/2019	10,000,000.00	10,071,444.90	9,752,154.20	2.000	2.735	AAA	Aaa 08/08/2023
594918BQ6	17625	MICROSOFT		03/04/2019	5,000,000.00	5,035,722.45	4,876,223.56	2.000	2.734	AAA	Aaa 08/08/2023
594918BX1	17629	MICROSOFT		03/07/2019	10,000,000.00	10,376,598.60	10,000,000.00	2.875	2.875	AAA	Aaa 02/06/2024
89233P7F7	17538	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	5,098,366.20	4,940,108.11	2.625	3.054	AA-	Aa3 01/10/2023
89236TEL5	17539	TOYOTA MOTOR CREDIT		03/01/2018	5,000,000.00	5,102,319.05	4,950,532.69	2.700	3.054	AA-	Aa3 01/11/2023
89236TEL5	17542	TOYOTA MOTOR CREDIT		04/02/2018	20,000,000.00	20,409,276.20	19,757,397.32	2.700	3.134	AA-	Aa3 01/11/2023
89236TFS9	17612	TOYOTA MOTOR CREDIT		01/09/2019	12,250,000.00	12,861,779.09	12,195,216.69	3.350	3.472	AA-	Aa3 01/08/2024
89236TDK8	17628	TOYOTA MOTOR CREDIT		03/07/2019	3,000,000.00	3,029,497.08	2,914,207.38	2.250	3.063	AA-	Aa3 10/18/2023
89236TDK8	17636	TOYOTA MOTOR CREDIT		05/30/2019	5,000,000.00	5,049,161.80	4,932,745.85	2.250	2.627	AA-	Aa3 10/18/2023
89236TFQ3	17639	TOYOTA MOTOR CREDIT		06/10/2019	9,000,000.00	9,108,874.44	9,073,369.63	3.050	2.231	AA-	Aa3 01/08/2021
89236TCZ6	17640	TOYOTA MOTOR CREDIT		06/10/2019	7,000,000.00	7,009,678.62	6,970,246.38	1.900	2.243	AA-	Aa3 04/08/2021
89236TGM1	17653	TOYOTA MOTOR CREDIT		10/15/2019	30,000,000.00	29,574,291.60	30,000,000.00	1.875	1.875	AA-	Aa3 07/31/2024
89236TGL3	17664	TOYOTA MOTOR CREDIT		11/12/2019	10,000,000.00	10,001,354.00	9,995,916.28	2.000	2.052	AA-	Aa3 10/07/2024
91159HHL7	17395	US BANK NA		08/22/2016	5,000,000.00	5,027,577.70	5,034,593.22	2.350	1.681	A+	A1 01/29/2021
91159HHL7	17426	US BANK NA		12/13/2016	4,634,000.00	4,659,559.01	4,639,771.48	2.350	2.228	A+	A1 01/29/2021

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Medium Term Notes											
91159HHL7	17431	US BANK NA		12/22/2016	5,000,000.00	5,027,577.70	4,996,770.17	2.350	2.413	A+	A1 01/29/2021
91159HHL7	17432	US BANK NA		12/22/2016	7,522,000.00	7,563,487.89	7,517,534.26	2.350	2.408	A+	A1 01/29/2021
91159HHL7	17458	US BANK NA		03/22/2017	10,000,000.00	10,055,155.40	10,002,489.69	2.350	2.325	A+	A1 01/29/2021
91159HHL7	17482	US BANK NA		06/27/2017	4,803,000.00	4,829,491.14	4,817,465.70	2.350	2.058	A+	A1 01/29/2021
91159HHP8	17483	US BANK NA		06/27/2017	20,000,000.00	20,317,201.40	20,139,036.19	2.625	2.268	A+	A1 01/24/2022
91159JAA4	17529	US BANK NA		12/21/2017	10,004,000.00	10,237,580.39	10,084,424.13	2.950	2.606	A-	A1 07/15/2022
90331HNL3	17534	US BANK NA		01/24/2018	10,000,000.00	10,241,442.70	9,988,667.59	2.850	2.890	AA-	A1 01/23/2023
90331HNL3	17537	US BANK NA		03/01/2018	5,000,000.00	5,120,721.35	4,959,985.27	2.850	3.134	AA-	A1 01/23/2023
90331HNL3	17556	US BANK NA		04/20/2018	10,000,000.00	10,241,442.70	9,911,228.85	2.850	3.164	AA-	A1 01/23/2023
90331HNV1	17586	US BANK NA		07/25/2018	10,000,000.00	10,448,335.70	9,990,871.37	3.400	3.428	AA-	A1 07/24/2023
90331HNV1	17587	US BANK NA		07/25/2018	1,500,000.00	1,567,250.36	1,497,855.13	3.400	3.444	AA-	A1 07/24/2023
90331HNV1	17588	US BANK NA		07/25/2018	1,250,000.00	1,306,041.96	1,248,573.65	3.400	3.435	AA-	A1 07/24/2023
931142EK5	17604	WALMART		11/13/2018	10,000,000.00	10,514,987.30	9,964,078.17	3.400	3.512	AA	Aa2 06/26/2023
949746SA0	17445	WELLS FARGO		01/25/2017	10,000,000.00	10,014,690.60	9,894,145.28	2.100	2.823	A-	A2 07/26/2021
949746SA0	17467	WELLS FARGO		04/17/2017	5,000,000.00	5,007,345.30	4,972,686.16	2.100	2.469	A-	A2 07/26/2021
949746SA0	17477	WELLS FARGO		05/15/2017	13,232,000.00	13,251,438.60	13,158,377.19	2.100	2.475	A-	A2 07/26/2021
949746SA0	17491	WELLS FARGO		07/18/2017	12,275,000.00	12,293,032.71	12,215,943.94	2.100	2.424	A-	A2 07/26/2021
95000U2B8	17508	WELLS FARGO		10/20/2017	5,000,000.00	5,074,720.55	4,998,762.68	2.625	2.635	A-	A2 07/22/2022
94988J5R4	17591	WELLS FARGO		08/14/2018	10,000,000.00	10,480,729.80	9,988,200.61	3.550	3.586	A+	Aa2 08/14/2023
94988J5R4	17602	WELLS FARGO		11/13/2018	10,000,000.00	10,480,729.80	9,907,860.92	3.550	3.830	A+	Aa2 08/14/2023
94988J5N3	17641	WELLS FARGO		06/13/2019	10,000,000.00	10,070,123.10	10,009,081.92	2.600	2.510	A+	Aa2 01/15/2021
Subtotal and Average			823,514,917.38		822,517,000.00	834,988,658.10	820,744,382.60		2.632		
Treasury Notes											
911759MW5	17630	US HOUSING AND URBAN DEVELOP		03/28/2019	3,500,000.00	3,606,395.24	3,500,000.00	2.618	2.618	AA+	Aaa 08/01/2023
912828ND8	17345	US TREASURY NOTE		12/23/2015	40,000,000.00	40,267,200.00	40,264,821.85	3.500	1.637	AA+	Aaa 05/15/2020
912828XE5	17416	US TREASURY NOTE		11/15/2016	15,000,000.00	14,991,720.00	15,005,611.04	1.500	1.407	AA+	Aaa 05/31/2020
912828XE5	17428	US TREASURY NOTE		12/13/2016	40,000,000.00	39,977,920.00	39,986,198.12	1.500	1.586	AA+	Aaa 05/31/2020
912828N48	17429	US TREASURY NOTE		12/16/2016	40,000,000.00	40,037,520.00	39,935,086.38	1.750	1.919	AA+	Aaa 12/31/2020
912828XM7	17433	US TREASURY NOTE		12/22/2016	40,000,000.00	39,998,440.00	39,973,339.03	1.625	1.744	AA+	Aaa 07/31/2020
912828WN6	17434	US TREASURY NOTE		12/28/2016	40,000,000.00	40,220,320.00	40,002,496.13	2.000	1.995	AA+	Aaa 05/31/2021
912828XM7	17435	US TREASURY NOTE		12/28/2016	40,000,000.00	39,998,440.00	39,968,668.95	1.625	1.765	AA+	Aaa 07/31/2020
912828L65	17436	US TREASURY NOTE		12/28/2016	30,000,000.00	29,939,070.00	29,903,930.17	1.375	1.820	AA+	Aaa 09/30/2020
912828XR6	17497	US TREASURY NOTE		09/27/2017	20,000,000.00	20,078,120.00	19,958,066.05	1.750	1.841	AA+	Aaa 05/31/2022
912828L24	17510	US TREASURY NOTE		10/23/2017	20,000,000.00	20,146,880.00	19,930,544.10	1.875	2.012	AA+	Aaa 08/31/2022
912828XT2	17677	US TREASURY NOTE		12/18/2019	20,000,000.00	20,277,340.00	20,264,421.51	2.000	1.711	AA+	Aaa 05/31/2024

**County of Fresno
Portfolio Management
Portfolio Details - Investments
December 31, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's	Maturity Date
Subtotal and Average			337,595,731.13		348,500,000.00	349,539,365.24	348,693,183.33		1.784		
Mutual Funds											
SYS16450	16450	BLACKROCK LIQUIDITY FED FUND		07/01/2019	0.00	0.00	0.00	1.580	1.580	AAA	Aaa
SYS02642	02642	FIDELITY 2642			80,000,000.00	80,000,000.00	80,000,000.00	1.530	1.530	AAA	Aaa
SYS15497	15497	FIDELITY 2644		07/01/2019	0.00	0.00	0.00	1.540	1.540	AAA	Aaa
Subtotal and Average			54,677,419.35		80,000,000.00	80,000,000.00	80,000,000.00		1.530		
Local Agency Investment Funds											
SYS05291	05291	LAIF			65,000,000.00	65,000,000.00	65,000,000.00	2.043	2.043		
Subtotal and Average			65,000,000.00		65,000,000.00	65,000,000.00	65,000,000.00		2.043		
Bank Money Market Accounts											
SYS16800	16800	BANK OF THE WEST MM			500,776,784.64	500,776,784.64	500,776,784.64	1.850	1.850		
SYS16500	16500	UNION BANK MM			25,034,350.18	25,034,350.18	25,034,350.18	1.540	1.540		
Subtotal and Average			498,913,893.27		525,811,134.82	525,811,134.82	525,811,134.82		1.835		
Municipal Bonds											
13063DAD0	17472	STATE OF CALIFORNIA		04/27/2017	5,000,000.00	5,070,050.00	5,000,000.00	2.367	2.367	AA-	Aa2 04/01/2022
13063DAD0	17473	STATE OF CALIFORNIA		04/27/2017	10,500,000.00	10,647,105.00	10,526,176.61	2.367	2.249	AA-	Aa2 04/01/2022
13063DAD0	17474	STATE OF CALIFORNIA		05/03/2017	8,000,000.00	8,112,080.00	8,013,671.04	2.367	2.286	AA-	Aa2 04/01/2022
13063DDF2	17504	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,185,500.00	10,077,694.08	2.500	2.200	AA-	Aa2 10/01/2022
13063DDF2	17505	STATE OF CALIFORNIA		10/26/2017	10,000,000.00	10,185,500.00	10,077,694.08	2.500	2.200	AA-	Aa2 10/01/2022
13063DDE5	17518	STATE OF CALIFORNIA		12/11/2017	25,000,000.00	25,105,000.00	25,045,044.55	2.300	2.051	AA-	Aa2 10/01/2020
13063DDF2	17519	STATE OF CALIFORNIA		12/14/2017	20,000,000.00	20,371,000.00	20,035,770.70	2.500	2.430	AA-	Aa2 10/01/2022
13063DDF2	17532	STATE OF CALIFORNIA		01/16/2018	5,000,000.00	5,092,750.00	4,990,392.04	2.500	2.574	AA-	Aa2 10/01/2022
13063DRK6	17657	STATE OF CALIFORNIA		10/24/2019	50,000,000.00	50,719,500.00	51,105,196.96	2.400	1.910	AA-	Aa2 10/01/2024
Subtotal and Average			144,886,313.95		143,500,000.00	145,488,485.00	144,871,640.06		2.131		
Total and Average			4,031,470,945.23		4,175,314,809.95	4,216,158,910.43	4,179,751,295.10		2.059		

**County of Fresno
Portfolio Management
Portfolio Details - Cash
December 31, 2019**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 365	S&P Moody's
Average Balance			0.00							
Total Cash and Investments			4,031,470,945.23		4,175,314,809.95	4,216,158,910.43	4,179,751,295.10		2.059	



County of Fresno Inventory by Maturity Report December 31, 2019

Fresno County
P.O. Box 1247
Fresno, CA 93715
(559)600-3496

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
24422ERY7	17349	TREAS	MTN	JOHN DEERE	12/28/2015	8,998,076.71	1.700	01/15/2020	9,076,500.00	1,479	9,000,000.00	2.247	2.278	14
06406HBP3	17350	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,004,283.45	4.600	01/15/2020	5,115,000.00	1,479	5,000,000.00	2.250	2.281	14
3135G0A78	17299	TREAS	FAC	FEDERAL NATIONAL	03/04/2015	19,999,180.42	1.625	01/21/2020	20,162,500.00	1,784	20,000,000.00	1.679	1.702	20
3135G0A78	17307	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,014.18	1.625	01/21/2020	10,081,250.00	1,719	10,000,000.00	1.600	1.622	20
3135G0A78	17308	TREAS	FAC	FEDERAL NATIONAL	05/08/2015	10,000,025.63	1.625	01/21/2020	10,081,250.00	1,719	10,000,000.00	1.598	1.620	20
3135G0A78	17312	TREAS	FAC	FEDERAL NATIONAL	06/03/2015	14,999,918.88	1.625	01/21/2020	15,121,875.00	1,693	15,000,000.00	1.613	1.635	20
3135G0A78	17329	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	10,000,981.60	1.625	01/21/2020	10,081,250.00	1,545	10,000,000.00	1.422	1.442	20
3135G0A78	17332	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	10,000,540.54	1.625	01/21/2020	10,081,250.00	1,539	10,000,000.00	1.503	1.524	20
3135G0A78	17335	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	10,000,191.68	1.625	01/21/2020	10,081,250.00	1,537	10,000,000.00	1.567	1.589	20
3135G0A78	17341	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	20,000,116.54	1.625	01/21/2020	20,162,500.00	1,491	20,000,000.00	1.592	1.614	20
3135G0A78	17342	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	10,000,036.78	1.625	01/21/2020	10,081,250.00	1,490	10,000,000.00	1.596	1.618	20
3135G0A78	17344	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	20,000,052.32	1.625	01/21/2020	20,162,500.00	1,490	20,000,000.00	1.598	1.620	20
06406HCZ0	17297	TREAS	MTN	BANK OF NEW YORK	03/04/2015	3,000,267.37	2.150	02/24/2020	3,000,000.00	1,818	3,000,000.00	2.057	2.086	54
14912L6J5	17360	TREAS	MTN	CATERPILLAR	03/04/2016	8,276,805.49	2.000	03/05/2020	8,278,000.00	1,462	8,278,000.00	2.056	2.085	64
3137EADR7	17303	TREAS	FAC	FEDERAL HOME	05/06/2015	9,991,797.21	1.375	05/01/2020	10,000,000.00	1,822	10,000,000.00	1.610	1.632	121
3137EADR7	17309	TREAS	FAC	FEDERAL HOME	05/08/2015	9,991,328.95	1.375	05/01/2020	10,000,000.00	1,820	10,000,000.00	1.624	1.647	121
037833BD1	17348	TREAS	MTN	APPLE INC	12/28/2015	9,999,697.07	2.000	05/06/2020	10,000,000.00	1,591	10,000,000.00	1.981	2.009	126
912828ND8	17345	TREAS	TRC	US TREASURY NOTE	12/23/2015	40,264,821.85	3.500	05/15/2020	40,000,000.00	1,605	40,000,000.00	1.614	1.637	135
3134G44G0	17328	TREAS	FAC	FEDERAL HOME	10/29/2015	4,999,546.28	1.500	05/22/2020	5,000,000.00	1,667	5,000,000.00	1.503	1.524	142
912828XE5	17416	TREAS	TRC	US TREASURY NOTE	11/15/2016	15,005,611.04	1.500	05/31/2020	15,000,000.00	1,293	15,000,000.00	1.388	1.407	151
912828XE5	17428	TREAS	TRC	US TREASURY NOTE	12/13/2016	39,986,198.12	1.500	05/31/2020	40,000,000.00	1,265	40,000,000.00	1.564	1.586	151
313383HU8	17315	TREAS	FAC	FEDERAL HOME LOAN	06/12/2015	19,999,914.13	1.750	06/12/2020	20,000,000.00	1,827	20,000,000.00	1.727	1.751	163
313383HU8	17317	TREAS	FAC	FEDERAL HOME LOAN	06/26/2015	12,610,915.23	1.750	06/12/2020	12,615,000.00	1,813	12,615,000.00	1.801	1.826	163
3133EEW55	17316	TREAS	FAC	FEDERAL FARM CREDIT	06/15/2015	9,996,234.38	1.800	06/15/2020	10,000,000.00	1,827	10,000,000.00	1.861	1.887	166
3135G0D75	17327	TREAS	FAC	FEDERAL NATIONAL	10/29/2015	19,996,790.56	1.500	06/22/2020	20,000,000.00	1,698	20,000,000.00	1.514	1.535	173
3135G0D75	17331	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	5,948,119.66	1.500	06/22/2020	5,950,000.00	1,697	5,950,000.00	1.548	1.569	173
3135G0D75	17333	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,997,124.37	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.604	1.626	173
3135G0D75	17334	TREAS	FAC	FEDERAL NATIONAL	11/04/2015	4,997,103.87	1.500	06/22/2020	5,000,000.00	1,692	5,000,000.00	1.605	1.627	173
3135G0D75	17336	TREAS	FAC	FEDERAL NATIONAL	11/06/2015	4,995,930.28	1.500	06/22/2020	5,000,000.00	1,690	5,000,000.00	1.656	1.679	173
3135G0D75	17338	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	29,962,631.50	1.500	06/22/2020	30,000,000.00	1,649	30,000,000.00	1.750	1.774	173
3135G0D75	17339	TREAS	FAC	FEDERAL NATIONAL	12/17/2015	19,973,361.88	1.500	06/22/2020	20,000,000.00	1,649	20,000,000.00	1.769	1.793	173
3135G0D75	17340	TREAS	FAC	FEDERAL NATIONAL	12/22/2015	9,990,799.78	1.500	06/22/2020	10,000,000.00	1,644	10,000,000.00	1.679	1.702	173
3135G0D75	17343	TREAS	FAC	FEDERAL NATIONAL	12/23/2015	9,990,071.65	1.500	06/22/2020	10,000,000.00	1,643	10,000,000.00	1.695	1.718	173
912828XM7	17433	TREAS	TRC	US TREASURY NOTE	12/22/2016	39,973,339.03	1.625	07/31/2020	40,000,000.00	1,317	40,000,000.00	1.720	1.744	212
912828XM7	17435	TREAS	TRC	US TREASURY NOTE	12/28/2016	39,968,668.95	1.625	07/31/2020	40,000,000.00	1,311	40,000,000.00	1.740	1.765	212
06406HDD8	17347	TREAS	MTN	BANK OF NEW YORK	12/28/2015	5,005,247.15	2.600	08/17/2020	5,000,000.00	1,694	5,000,000.00	2.389	2.422	229

Portfolio FSNO
AC
IM (PRF_IM) 7.3.11
Report Ver. 7.3.11

**County of Fresno
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
912828L65	17436	TREAS	TRC	US TREASURY NOTE	12/28/2016	29,903,930.17	1.375	09/30/2020	30,000,000.00	1,372	30,000,000.00	1.795	1.820	273
13063DDE5	17518	TREAS	MUN	STATE OF CALIFORNIA	12/11/2017	25,045,044.55	2.300	10/01/2020	25,000,000.00	1,025	25,000,000.00	2.023	2.051	274
46625HNX4	17361	TREAS	MFN	JP MORGAN	03/04/2016	6,182,033.68	2.550	10/29/2020	6,181,000.00	1,700	6,181,000.00	2.493	2.528	302
3135GORM7	17330	TREAS	FAC	FEDERAL NATIONAL	10/30/2015	10,064,311.38	1.630	10/30/2020	10,060,000.00	1,827	10,060,000.00	1.555	1.576	303
166764AY6	17346	TREAS	MTN	CHEVRON CORP	12/28/2015	9,995,706.42	2.419	11/17/2020	10,000,000.00	1,786	10,000,000.00	2.437	2.471	321
313381CA1	17372	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	5,000,268.74	1.375	12/11/2020	5,000,000.00	1,695	5,000,000.00	1.350	1.369	345
3135G0H55	17374	TREAS	FAC	FEDERAL NATIONAL	05/20/2016	10,043,804.63	1.875	12/28/2020	10,000,000.00	1,683	10,000,000.00	1.398	1.417	362
912828N48	17429	TREAS	TRC	US TREASURY NOTE	12/16/2016	39,935,086.38	1.750	12/31/2020	40,000,000.00	1,476	40,000,000.00	1.893	1.919	365
24422ETF6	17362	TREAS	MTN	JOHN DEERE	03/04/2016	5,019,249.61	2.550	01/08/2021	5,000,000.00	1,771	5,000,000.00	2.121	2.150	373
89236TFQ3	17639	TREAS	MTN	TOYOTA MOTOR CREDIT	06/10/2019	9,073,369.63	3.050	01/08/2021	9,000,000.00	578	9,000,000.00	2.200	2.231	373
94988J5N3	17641	TREAS	MFN	WELLS FARGO	06/13/2019	10,009,081.92	2.600	01/15/2021	10,000,000.00	582	10,000,000.00	2.475	2.510	380
3130AAX45	17460	TREAS	FAC	FEDERAL HOME LOAN	03/28/2017	15,016,622.66	1.875	01/28/2021	15,000,000.00	1,402	15,000,000.00	1.744	1.768	393
91159HHL7	17395	TREAS	MTN	US BANK NA	08/22/2016	5,034,593.22	2.350	01/29/2021	5,000,000.00	1,621	5,000,000.00	1.658	1.681	394
91159HHL7	17426	TREAS	MTN	US BANK NA	12/13/2016	4,639,771.48	2.350	01/29/2021	4,634,000.00	1,508	4,634,000.00	2.198	2.228	394
91159HHL7	17431	TREAS	MTN	US BANK NA	12/22/2016	4,996,770.17	2.350	01/29/2021	5,000,000.00	1,499	5,000,000.00	2.380	2.413	394
91159HHL7	17432	TREAS	MTN	US BANK NA	12/22/2016	7,517,534.26	2.350	01/29/2021	7,522,000.00	1,499	7,522,000.00	2.375	2.408	394
91159HHL7	17458	TREAS	MTN	US BANK NA	03/22/2017	10,002,489.69	2.350	01/29/2021	10,000,000.00	1,409	10,000,000.00	2.293	2.325	394
91159HHL7	17482	TREAS	MTN	US BANK NA	06/27/2017	4,817,465.70	2.350	01/29/2021	4,803,000.00	1,312	4,803,000.00	2.030	2.058	394
313376XN0	17364	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	824,731.79	2.100	02/08/2021	820,000.00	1,803	820,000.00	1.533	1.554	404
3133EFYZ4	17359	TREAS	FAC	FEDERAL FARM CREDIT	02/29/2016	17,788,411.57	1.375	02/10/2021	17,800,000.00	1,808	17,800,000.00	1.416	1.436	406
3130A7CV5	17363	TREAS	FAC	FEDERAL HOME LOAN	03/03/2016	4,991,806.42	1.375	02/18/2021	5,000,000.00	1,813	5,000,000.00	1.505	1.526	414
3130A7CV5	17371	TREAS	FAC	FEDERAL HOME LOAN	04/21/2016	9,996,930.51	1.375	02/18/2021	10,000,000.00	1,764	10,000,000.00	1.384	1.403	414
3130A7CV5	17376	TREAS	FAC	FEDERAL HOME LOAN	05/20/2016	4,994,983.99	1.375	02/18/2021	5,000,000.00	1,735	5,000,000.00	1.447	1.467	414
3130A7CV5	17379	TREAS	FAC	FEDERAL HOME LOAN	05/25/2016	9,987,366.99	1.375	02/18/2021	10,000,000.00	1,730	10,000,000.00	1.471	1.491	414
3130A7CV5	17388	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	10,022,062.90	1.375	02/18/2021	10,000,000.00	1,655	10,000,000.00	1.158	1.174	414
3130A7CV5	17457	TREAS	FAC	FEDERAL HOME LOAN	03/20/2017	19,893,810.00	1.375	02/18/2021	20,000,000.00	1,431	20,000,000.00	1.838	1.864	414
037833BS8	17443	TREAS	MTN	APPLE INC	01/19/2017	10,000,000.00	2.250	02/23/2021	10,000,000.00	1,496	10,000,000.00	2.219	2.250	419
89236TCZ6	17640	TREAS	MTN	TOYOTA MOTOR CREDIT	06/10/2019	6,970,246.38	1.900	04/08/2021	7,000,000.00	668	7,000,000.00	2.212	2.243	463
06406FAB9	17490	TREAS	MTN	BANK OF NEW YORK	07/18/2017	7,476,906.37	2.050	05/03/2021	7,500,000.00	1,385	7,500,000.00	2.260	2.291	488
3135G0K69	17380	TREAS	FAC	FEDERAL NATIONAL	05/25/2016	9,964,699.30	1.250	05/06/2021	10,000,000.00	1,807	10,000,000.00	1.502	1.523	491
3135G0K69	17402	TREAS	FAC	FEDERAL NATIONAL	09/28/2016	25,004,876.25	1.250	05/06/2021	25,000,000.00	1,681	25,000,000.00	1.218	1.235	491
3135G0K69	17412	TREAS	FAC	FEDERAL NATIONAL	11/02/2016	9,983,072.78	1.250	05/06/2021	10,000,000.00	1,646	10,000,000.00	1.361	1.380	491
3135G0K69	17413	TREAS	FAC	FEDERAL NATIONAL	11/14/2016	7,971,333.25	1.250	05/06/2021	8,000,000.00	1,634	8,000,000.00	1.505	1.526	491
166764BG4	17471	TREAS	MTN	CHEVRON CORP	04/25/2017	19,996,815.20	2.100	05/16/2021	20,000,000.00	1,482	20,000,000.00	2.083	2.112	501
912828WN6	17434	TREAS	TRC	US TREASURY NOTE	12/28/2016	40,002,496.13	2.000	05/31/2021	40,000,000.00	1,615	40,000,000.00	1.968	1.995	516
3130A1W95	17386	TREAS	FAC	FEDERAL HOME LOAN	07/15/2016	30,418,991.62	2.250	06/11/2021	30,000,000.00	1,792	30,000,000.00	1.233	1.250	527
313379RB7	17392	TREAS	FAC	FEDERAL HOME LOAN	08/17/2016	10,079,243.32	1.875	06/11/2021	10,000,000.00	1,759	10,000,000.00	1.289	1.307	527
3130A1W95	17420	TREAS	FAC	FEDERAL HOME LOAN	11/29/2016	18,574,695.02	2.250	06/11/2021	18,470,000.00	1,655	18,470,000.00	1.814	1.839	527
313379RB7	17466	TREAS	FAC	FEDERAL HOME LOAN	04/11/2017	15,005,980.00	1.875	06/11/2021	15,000,000.00	1,522	15,000,000.00	1.821	1.846	527
3130AB3M6	17465	TREAS	FAC	FEDERAL HOME LOAN	04/10/2017	5,001,595.72	1.875	06/30/2021	5,000,000.00	1,542	5,000,000.00	1.828	1.853	546
3130A8QS5	17389	TREAS	FAC	FEDERAL HOME LOAN	08/08/2016	14,973,470.95	1.125	07/14/2021	15,000,000.00	1,801	15,000,000.00	1.227	1.244	560

**County of Fresno
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
3130A8QS5	17399	TREAS	FAC	FEDERAL HOME LOAN	08/29/2016	3,943,634.48	1.125	07/14/2021	3,955,000.00	1,780	3,955,000.00	1.301	1.319	560
3130A8QS5	17400	TREAS	FAC	FEDERAL HOME LOAN	09/13/2016	14,954,155.95	1.125	07/14/2021	15,000,000.00	1,765	15,000,000.00	1.313	1.331	560
3130A8QS5	17403	TREAS	FAC	FEDERAL HOME LOAN	09/28/2016	9,982,887.50	1.125	07/14/2021	10,000,000.00	1,750	10,000,000.00	1.223	1.240	560
3130A8QS5	17408	TREAS	FAC	FEDERAL HOME LOAN	10/13/2016	9,956,267.43	1.125	07/14/2021	10,000,000.00	1,735	10,000,000.00	1.401	1.420	560
3130A8QS5	17414	TREAS	FAC	FEDERAL HOME LOAN	11/14/2016	9,940,160.79	1.125	07/14/2021	10,000,000.00	1,703	10,000,000.00	1.509	1.530	560
3130A8QS5	17464	TREAS	FAC	FEDERAL HOME LOAN	04/06/2017	19,799,183.84	1.125	07/14/2021	20,000,000.00	1,560	20,000,000.00	1.782	1.807	560
949746SA0	17445	TREAS	MTN	WELLS FARGO	01/25/2017	9,894,145.28	2.100	07/26/2021	10,000,000.00	1,643	10,000,000.00	2.784	2.823	572
3134G9M79	17463	TREAS	FAC	FEDERAL HOME	04/06/2017	4,409,519.95	1.875	07/26/2021	4,410,000.00	1,572	4,410,000.00	1.856	1.882	572
949746SA0	17467	TREAS	MTN	WELLS FARGO	04/17/2017	4,972,686.16	2.100	07/26/2021	5,000,000.00	1,561	5,000,000.00	2.435	2.469	572
949746SA0	17477	TREAS	MTN	WELLS FARGO	05/15/2017	13,158,377.19	2.100	07/26/2021	13,232,000.00	1,533	13,232,000.00	2.441	2.475	572
949746SA0	17491	TREAS	MTN	WELLS FARGO	07/18/2017	12,215,943.94	2.100	07/26/2021	12,275,000.00	1,469	12,275,000.00	2.390	2.424	572
3134G9N86	17476	TREAS	FAC	FEDERAL HOME	05/11/2017	6,167,696.42	1.875	07/27/2021	6,170,000.00	1,538	6,170,000.00	1.874	1.900	573
3133752P1	17405	TREAS	FAC	FEDERAL HOME LOAN	10/05/2016	5,887,310.28	3.500	07/29/2021	5,700,000.00	1,758	5,700,000.00	1.324	1.342	575
037833CC2	17425	TREAS	MTN	APPLE INC	12/13/2016	4,949,146.68	1.550	08/04/2021	5,000,000.00	1,695	5,000,000.00	2.195	2.226	581
594918BP8	17394	TREAS	MTN	MICROSOFT	08/22/2016	14,996,753.16	1.550	08/08/2021	15,000,000.00	1,812	15,000,000.00	1.543	1.564	585
594918BP8	17424	TREAS	MTN	MICROSOFT	12/13/2016	4,951,773.13	1.550	08/08/2021	5,000,000.00	1,699	5,000,000.00	2.156	2.186	585
14912L6U0	17401	TREAS	MTN	CATERPILLAR	09/16/2016	15,239,145.29	1.700	08/09/2021	15,294,000.00	1,788	15,294,000.00	1.909	1.935	586
3137EAEC9	17393	TREAS	FAC	FEDERAL HOME	08/17/2016	9,969,250.70	1.125	08/12/2021	10,000,000.00	1,821	10,000,000.00	1.304	1.322	589
3135G0N82	17396	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,993,150.22	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.276	1.294	594
3135G0N82	17397	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,986,267.67	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.319	1.337	594
3135G0N82	17398	TREAS	FAC	FEDERAL NATIONAL	08/29/2016	9,983,088.59	1.250	08/17/2021	10,000,000.00	1,814	10,000,000.00	1.339	1.358	594
3135G0Q89	17406	TREAS	FAC	FEDERAL NATIONAL	10/07/2016	19,988,410.67	1.375	10/07/2021	20,000,000.00	1,826	20,000,000.00	1.390	1.409	645
3135G0Q89	17407	TREAS	FAC	FEDERAL NATIONAL	10/13/2016	9,979,083.61	1.375	10/07/2021	10,000,000.00	1,820	10,000,000.00	1.478	1.498	645
3135G0Q89	17409	TREAS	FAC	FEDERAL NATIONAL	10/27/2016	4,993,461.35	1.375	10/07/2021	5,000,000.00	1,806	5,000,000.00	1.432	1.452	645
3133EGYQ2	17410	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,990,205.67	1.400	10/14/2021	10,000,000.00	1,813	10,000,000.00	1.437	1.457	652
24422ERH4	17427	TREAS	MTN	JOHN DEERE	12/13/2016	8,813,191.21	3.150	10/15/2021	8,707,000.00	1,767	8,707,000.00	2.390	2.423	653
3133EGZJ7	17411	TREAS	FAC	FEDERAL FARM CREDIT	10/27/2016	9,985,679.66	1.375	10/25/2021	10,000,000.00	1,824	10,000,000.00	1.437	1.457	663
3135G0S38	17440	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	19,981,738.75	2.000	01/05/2022	20,000,000.00	1,822	20,000,000.00	2.020	2.048	735
3135G0S38	17441	TREAS	FAC	FEDERAL NATIONAL	01/09/2017	9,990,492.06	2.000	01/05/2022	10,000,000.00	1,822	10,000,000.00	2.022	2.050	735
3135G0S38	17459	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	10,002,825.16	2.000	01/05/2022	10,000,000.00	1,744	10,000,000.00	1.958	1.985	735
3135G0S38	17480	TREAS	FAC	FEDERAL NATIONAL	06/02/2017	5,016,117.45	2.000	01/05/2022	5,000,000.00	1,678	5,000,000.00	1.807	1.832	735
3135G0S38	17481	TREAS	FAC	FEDERAL NATIONAL	06/12/2017	5,016,028.56	2.000	01/05/2022	5,000,000.00	1,668	5,000,000.00	1.808	1.833	735
91159HHP8	17483	TREAS	MTN	US BANK NA	06/27/2017	20,139,036.19	2.625	01/24/2022	20,000,000.00	1,672	20,000,000.00	2.237	2.268	754
3133EG5D3	17447	TREAS	FAC	FEDERAL FARM CREDIT	01/27/2017	50,000,000.00	2.030	01/27/2022	50,000,000.00	1,826	50,000,000.00	2.002	2.030	757
3136G2CS4	17461	TREAS	FAC	FEDERAL NATIONAL	03/28/2017	5,001,451.29	2.000	01/27/2022	5,000,000.00	1,766	5,000,000.00	1.958	1.985	757
084670BF4	17520	TREAS	MTN	BERKSHIRE HATHAWAY	12/14/2017	15,308,849.09	3.400	01/31/2022	15,000,000.00	1,509	15,000,000.00	2.323	2.355	761
594918BW3	17449	TREAS	MTN	MICROSOFT	02/21/2017	6,722,604.96	2.400	02/06/2022	6,725,000.00	1,811	6,725,000.00	2.385	2.418	767
594918BW3	17525	TREAS	MTN	MICROSOFT	12/21/2017	17,375,000.00	2.400	02/06/2022	17,375,000.00	1,508	17,375,000.00	2.367	2.400	767
06406RAA5	17469	TREAS	MTN	BANK OF NEW YORK	04/18/2017	10,034,835.47	2.600	02/07/2022	10,000,000.00	1,756	10,000,000.00	2.390	2.423	768
037833CM0	17448	TREAS	MTN	APPLE INC	02/21/2017	14,984,356.71	2.500	02/09/2022	15,000,000.00	1,814	15,000,000.00	2.518	2.553	770
037833AY6	17470	TREAS	MTN	APPLE INC	04/18/2017	9,990,993.64	2.150	02/09/2022	10,000,000.00	1,758	10,000,000.00	2.165	2.195	770

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CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
594918BA1	17450	TREAS	MTN	MICROSOFT	02/21/2017	6,444,496.84	2.375	02/12/2022	6,450,000.00	1,817	6,450,000.00	2.385	2.418	773
13063DAD0	17472	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	5,000,000.00	2.367	04/01/2022	5,000,000.00	1,800	5,000,000.00	2.335	2.367	821
13063DAD0	17473	TREAS	MUN	STATE OF CALIFORNIA	04/27/2017	10,526,176.61	2.367	04/01/2022	10,500,000.00	1,800	10,500,000.00	2.219	2.249	821
13063DAD0	17474	TREAS	MUN	STATE OF CALIFORNIA	05/03/2017	8,013,671.04	2.367	04/01/2022	8,000,000.00	1,794	8,000,000.00	2.255	2.286	821
037833CQ1	17475	TREAS	MTN	APPLE INC	05/11/2017	19,977,333.33	2.300	05/11/2022	20,000,000.00	1,826	20,000,000.00	2.319	2.351	861
3133EHJT1	17479	TREAS	FAC	FEDERAL FARM CREDIT	05/18/2017	4,997,286.17	2.000	05/18/2022	5,000,000.00	1,826	5,000,000.00	1.996	2.024	868
3130ACUZ5	17513	TREAS	FAC	FEDERAL HOME LOAN	11/24/2017	22,988,482.68	2.060	05/24/2022	23,000,000.00	1,642	23,000,000.00	2.053	2.082	874
3130ACXH2	17567	TREAS	FAC	FEDERAL HOME LOAN	12/04/2017	24,954,909.50	2.020	05/25/2022	25,000,000.00	1,633	25,000,000.00	2.070	2.099	875
912828XR6	17497	TREAS	TRC	US TREASURY NOTE	09/27/2017	19,958,066.05	1.750	05/31/2022	20,000,000.00	1,707	20,000,000.00	1.816	1.841	881
313379Q69	17485	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,027,006.31	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	891
313379Q69	17486	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	5,027,030.98	2.125	06/10/2022	5,000,000.00	1,808	5,000,000.00	1.866	1.892	891
313379Q69	17487	TREAS	FAC	FEDERAL HOME LOAN	06/28/2017	3,841,000.26	2.125	06/10/2022	3,820,000.00	1,808	3,820,000.00	1.862	1.888	891
313379Q69	17488	TREAS	FAC	FEDERAL HOME LOAN	07/07/2017	13,507,997.94	2.125	06/10/2022	13,470,000.00	1,799	13,470,000.00	1.976	2.003	891
313379Q69	17498	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	20,113,911.75	2.125	06/10/2022	20,000,000.00	1,717	20,000,000.00	1.854	1.880	891
313379Q69	17516	TREAS	FAC	FEDERAL HOME LOAN	12/01/2017	1,999,626.60	2.125	06/10/2022	2,000,000.00	1,652	2,000,000.00	2.104	2.133	891
313379Q69	17527	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,895,485.54	2.125	06/10/2022	1,900,000.00	1,633	1,900,000.00	2.197	2.228	891
3130A5P45	17528	TREAS	FAC	FEDERAL HOME LOAN	12/20/2017	1,931,550.75	2.375	06/10/2022	1,925,000.00	1,633	1,925,000.00	2.197	2.228	891
3133EEY20	17495	TREAS	FAC	FEDERAL FARM CREDIT	09/21/2017	10,110,516.30	2.400	06/17/2022	10,000,000.00	1,730	10,000,000.00	1.901	1.928	898
3130ACM27	17502	TREAS	FAC	FEDERAL HOME LOAN	10/12/2017	14,991,853.13	1.950	07/11/2022	15,000,000.00	1,733	15,000,000.00	1.946	1.973	922
3130ACM27	17509	TREAS	FAC	FEDERAL HOME LOAN	10/19/2017	4,449,164.26	1.950	07/11/2022	4,455,000.00	1,726	4,455,000.00	1.977	2.005	922
91159JAA4	17529	TREAS	MTN	US BANK NA	12/21/2017	10,084,424.13	2.950	07/15/2022	10,004,000.00	1,667	10,004,000.00	2.570	2.606	926
3130ACKC7	17500	TREAS	FAC	FEDERAL HOME LOAN	10/18/2017	50,000,000.00	1.950	07/18/2022	50,000,000.00	1,734	50,000,000.00	1.924	1.950	929
95000U2B8	17508	TREAS	MTN	WELLS FARGO	10/20/2017	4,998,762.68	2.625	07/22/2022	5,000,000.00	1,736	5,000,000.00	2.599	2.635	933
3130ACYP3	17515	TREAS	FAC	FEDERAL HOME LOAN	12/05/2017	19,989,942.49	2.100	07/27/2022	20,000,000.00	1,695	20,000,000.00	2.092	2.121	938
3130ACUV4	17512	TREAS	FAC	FEDERAL HOME LOAN	11/30/2017	50,000,000.00	2.070	07/29/2022	50,000,000.00	1,702	50,000,000.00	2.042	2.070	940
3130ACUV4	17517	TREAS	FAC	FEDERAL HOME LOAN	12/06/2017	8,869,545.33	2.070	07/29/2022	8,890,000.00	1,696	8,890,000.00	2.135	2.165	940
3130AC5A8	17494	TREAS	FAC	FEDERAL HOME LOAN	09/19/2017	9,988,379.07	1.850	08/15/2022	10,000,000.00	1,791	10,000,000.00	1.870	1.896	957
3130AC5A8	17496	TREAS	FAC	FEDERAL HOME LOAN	09/27/2017	9,262,439.50	1.850	08/15/2022	9,280,000.00	1,783	9,280,000.00	1.899	1.926	957
3133EHVS9	17499	TREAS	FAC	FEDERAL FARM CREDIT	09/28/2017	5,481,755.58	1.840	08/23/2022	5,500,000.00	1,790	5,500,000.00	1.945	1.972	965
912828L24	17510	TREAS	TRC	US TREASURY NOTE	10/23/2017	19,930,544.10	1.875	08/31/2022	20,000,000.00	1,773	20,000,000.00	1.985	2.012	973
13063DDF2	17504	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,077,694.08	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,004
13063DDF2	17505	TREAS	MUN	STATE OF CALIFORNIA	10/26/2017	10,077,694.08	2.500	10/01/2022	10,000,000.00	1,801	10,000,000.00	2.170	2.200	1,004
13063DDF2	17519	TREAS	MUN	STATE OF CALIFORNIA	12/14/2017	20,035,770.70	2.500	10/01/2022	20,000,000.00	1,752	20,000,000.00	2.397	2.430	1,004
13063DDF2	17532	TREAS	MUN	STATE OF CALIFORNIA	01/16/2018	4,990,392.04	2.500	10/01/2022	5,000,000.00	1,719	5,000,000.00	2.539	2.574	1,004
3135G0T78	17501	TREAS	FAC	FEDERAL NATIONAL	10/10/2017	19,987,905.87	2.000	10/05/2022	20,000,000.00	1,821	20,000,000.00	1.995	2.023	1,008
3135G0T78	17531	TREAS	FAC	FEDERAL NATIONAL	01/11/2018	4,950,749.17	2.000	10/05/2022	5,000,000.00	1,728	5,000,000.00	2.346	2.379	1,008
24422EUA5	17637	TREAS	MTN	JOHN DEERE	06/06/2019	10,038,858.14	2.700	01/06/2023	10,000,000.00	1,310	10,000,000.00	2.529	2.564	1,101
24422EUA5	17638	TREAS	MTN	JOHN DEERE	06/06/2019	5,019,639.34	2.700	01/06/2023	5,000,000.00	1,310	5,000,000.00	2.527	2.562	1,101
89233P7F7	17538	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,940,108.11	2.625	01/10/2023	5,000,000.00	1,776	5,000,000.00	3.012	3.054	1,105
89236TEL5	17539	TREAS	MTN	TOYOTA MOTOR CREDIT	03/01/2018	4,950,532.69	2.700	01/11/2023	5,000,000.00	1,777	5,000,000.00	3.012	3.054	1,106
89236TEL5	17542	TREAS	MTN	TOYOTA MOTOR CREDIT	04/02/2018	19,757,397.32	2.700	01/11/2023	20,000,000.00	1,745	20,000,000.00	3.091	3.134	1,106

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												360	365	
037833DE7	17541	TREAS	MTN	APPLE INC	03/01/2018	2,453,727.12	2.400	01/13/2023	2,500,000.00	1,779	2,500,000.00	3.018	3.060	1,108
3133EH7F4	17557	TREAS	FAC	FEDERAL FARM CREDIT	04/19/2018	19,617,155.91	2.350	01/17/2023	19,869,000.00	1,734	19,869,000.00	2.759	2.797	1,112
3135G0T94	17533	TREAS	FAC	FEDERAL NATIONAL	01/23/2018	39,854,129.84	2.375	01/19/2023	40,000,000.00	1,822	40,000,000.00	2.469	2.503	1,114
90331HNL3	17534	TREAS	MTN	US BANK NA	01/24/2018	9,988,667.59	2.850	01/23/2023	10,000,000.00	1,825	10,000,000.00	2.850	2.890	1,118
90331HNL3	17537	TREAS	MTN	US BANK NA	03/01/2018	4,959,985.27	2.850	01/23/2023	5,000,000.00	1,789	5,000,000.00	3.091	3.134	1,118
90331HNL3	17556	TREAS	MTN	US BANK NA	04/20/2018	9,911,228.85	2.850	01/23/2023	10,000,000.00	1,739	10,000,000.00	3.121	3.164	1,118
46625HJH4	17559	TREAS	MTN	JP MORGAN	04/26/2018	9,900,711.06	3.200	01/25/2023	10,000,000.00	1,735	10,000,000.00	3.505	3.554	1,120
24422ERT8	17635	TREAS	MTN	JOHN DEERE	05/28/2019	11,172,024.81	2.800	01/27/2023	11,125,000.00	1,340	11,125,000.00	2.618	2.654	1,122
3133EJBP3	17535	TREAS	FAC	FEDERAL FARM CREDIT	02/07/2018	9,973,342.19	2.500	02/02/2023	10,000,000.00	1,821	10,000,000.00	2.557	2.593	1,128
3133EJBP3	17536	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2018	50,795,114.63	2.500	02/02/2023	51,180,000.00	1,800	51,180,000.00	2.724	2.762	1,128
037833BU3	17540	TREAS	MTN	APPLE INC	03/01/2018	9,938,093.75	2.850	02/23/2023	10,000,000.00	1,820	10,000,000.00	3.022	3.064	1,149
59491BAT1	17580	TREAS	MTN	MICROSOFT	06/22/2018	9,758,339.62	2.375	05/01/2023	10,000,000.00	1,774	10,000,000.00	3.119	3.162	1,216
037833AK6	17563	TREAS	MTN	APPLE INC	05/03/2018	4,865,643.11	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.234	3.279	1,218
037833AK6	17564	TREAS	MTN	APPLE INC	05/03/2018	4,865,509.56	2.400	05/03/2023	5,000,000.00	1,826	5,000,000.00	3.235	3.280	1,218
037833AK6	17581	TREAS	MTN	APPLE INC	06/22/2018	9,740,516.28	2.400	05/03/2023	10,000,000.00	1,776	10,000,000.00	3.202	3.246	1,218
166764BK5	17571	TREAS	MTN	CHEVRON CORP	06/08/2018	9,769,252.50	2.566	05/16/2023	10,000,000.00	1,803	10,000,000.00	3.267	3.313	1,231
166764BK5	17579	TREAS	MTN	CHEVRON CORP	06/22/2018	4,892,148.09	2.566	05/16/2023	5,000,000.00	1,789	5,000,000.00	3.217	3.262	1,231
166764BK5	17585	TREAS	MTN	CHEVRON CORP	07/25/2018	6,148,001.00	2.566	05/16/2023	6,288,000.00	1,756	6,288,000.00	3.239	3.284	1,231
166764BK5	17626	TREAS	MTN	CHEVRON CORP	03/04/2019	7,888,864.94	2.566	05/16/2023	7,966,000.00	1,534	7,966,000.00	2.833	2.872	1,231
3130AEW6	17572	TREAS	FAC	FEDERAL HOME LOAN	06/07/2018	21,061,480.54	2.760	05/30/2023	21,150,000.00	1,818	21,150,000.00	2.853	2.893	1,245
3130AEAP5	17576	TREAS	FAC	FEDERAL HOME LOAN	05/30/2018	49,982,623.31	2.875	05/30/2023	50,000,000.00	1,826	50,000,000.00	2.846	2.886	1,245
931142EK5	17604	TREAS	MTN	WALMART	11/13/2018	9,964,078.17	3.400	06/26/2023	10,000,000.00	1,686	10,000,000.00	3.464	3.512	1,272
46632FPH2	17590	TREAS	MTN	JP MORGAN	08/14/2018	30,000,000.00	3.450	07/14/2023	30,000,000.00	1,795	30,000,000.00	3.403	3.450	1,290
3133EJUS6	17584	TREAS	FAC	FEDERAL FARM CREDIT	07/17/2018	19,998,156.89	2.875	07/17/2023	20,000,000.00	1,826	20,000,000.00	2.838	2.878	1,293
3133EJUS6	17589	TREAS	FAC	FEDERAL FARM CREDIT	07/25/2018	29,931,429.24	2.875	07/17/2023	30,000,000.00	1,818	30,000,000.00	2.904	2.945	1,293
3133EJUS6	17593	TREAS	FAC	FEDERAL FARM CREDIT	09/19/2018	9,949,356.46	2.875	07/17/2023	10,000,000.00	1,762	10,000,000.00	2.988	3.029	1,293
3133EJUS6	17607	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	2,919,730.42	2.875	07/17/2023	2,910,000.00	1,670	2,910,000.00	2.736	2.774	1,293
3133EJUS6	17615	TREAS	FAC	FEDERAL FARM CREDIT	01/18/2019	20,130,043.24	2.875	07/17/2023	20,000,000.00	1,641	20,000,000.00	2.642	2.679	1,293
90331HNV1	17586	TREAS	MTN	US BANK NA	07/25/2018	9,990,871.37	3.400	07/24/2023	10,000,000.00	1,825	10,000,000.00	3.381	3.428	1,300
90331HNV1	17587	TREAS	MTN	US BANK NA	07/25/2018	1,497,855.13	3.400	07/24/2023	1,500,000.00	1,825	1,500,000.00	3.397	3.444	1,300
90331HNV1	17588	TREAS	MTN	US BANK NA	07/25/2018	1,248,573.65	3.400	07/24/2023	1,250,000.00	1,825	1,250,000.00	3.388	3.435	1,300
3133EJK57	17606	TREAS	FAC	FEDERAL FARM CREDIT	12/20/2018	17,172,364.92	3.080	07/24/2023	17,000,000.00	1,677	17,000,000.00	2.737	2.775	1,300
3130AFBD8	17608	TREAS	FAC	FEDERAL HOME LOAN	12/20/2018	12,646,176.22	3.125	07/25/2023	12,500,000.00	1,678	12,500,000.00	2.736	2.774	1,301
3133EJ4G1	17610	TREAS	FAC	FEDERAL FARM CREDIT	12/28/2018	64,962,887.60	2.770	07/28/2023	65,000,000.00	1,673	65,000,000.00	2.749	2.787	1,304
911759MW5	17630	TREAS	TRC	US HOUSING AND URBAN	03/28/2019	3,500,000.00	2.618	08/01/2023	3,500,000.00	1,587	3,500,000.00	2.583	2.618	1,308
594918BQ6	17616	TREAS	MTN	MICROSOFT	02/07/2019	2,809,187.16	2.000	08/08/2023	2,880,000.00	1,643	2,880,000.00	2.693	2.730	1,315
594918BQ6	17617	TREAS	MTN	MICROSOFT	02/11/2019	19,530,609.52	2.000	08/08/2023	20,000,000.00	1,639	20,000,000.00	2.659	2.696	1,315
594918BQ6	17624	TREAS	MTN	MICROSOFT	03/04/2019	9,752,154.20	2.000	08/08/2023	10,000,000.00	1,618	10,000,000.00	2.698	2.735	1,315
594918BQ6	17625	TREAS	MTN	MICROSOFT	03/04/2019	4,876,223.56	2.000	08/08/2023	5,000,000.00	1,618	5,000,000.00	2.697	2.734	1,315
94988J5R4	17591	TREAS	MTN	WELLS FARGO	08/14/2018	9,988,200.61	3.550	08/14/2023	10,000,000.00	1,826	10,000,000.00	3.537	3.586	1,321
94988J5R4	17602	TREAS	MTN	WELLS FARGO	11/13/2018	9,907,860.92	3.550	08/14/2023	10,000,000.00	1,735	10,000,000.00	3.778	3.830	1,321

**County of Fresno
Inventory by Maturity Report**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
3130AFRW9	17621	TREAS	FAC	FEDERAL HOME LOAN	02/28/2019	20,086,515.52	2.700	08/28/2023	20,000,000.00	1,642	20,000,000.00	2.539	2.574	1,335
3130AFRW9	17623	TREAS	FAC	FEDERAL HOME LOAN	03/01/2019	20,064,750.46	2.700	08/28/2023	20,000,000.00	1,641	20,000,000.00	2.570	2.606	1,335
3135G0U43	17631	TREAS	FAC	FEDERAL NATIONAL	03/27/2019	20,440,930.03	2.875	09/12/2023	20,000,000.00	1,630	20,000,000.00	2.214	2.245	1,350
89236TDK8	17628	TREAS	MTN	TOYOTA MOTOR CREDIT	03/07/2019	2,914,207.38	2.250	10/18/2023	3,000,000.00	1,686	3,000,000.00	3.021	3.063	1,386
89236TDK8	17636	TREAS	MTN	TOYOTA MOTOR CREDIT	05/30/2019	4,932,745.85	2.250	10/18/2023	5,000,000.00	1,602	5,000,000.00	2.591	2.627	1,386
3133EJ5W5	17618	TREAS	FAC	FEDERAL FARM CREDIT	02/26/2019	2,952,069.14	2.650	10/23/2023	2,945,000.00	1,700	2,945,000.00	2.548	2.583	1,391
3130AFQL4	17614	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	9,979,163.89	2.640	10/27/2023	10,000,000.00	1,743	10,000,000.00	2.662	2.699	1,395
3130AFQL4	17619	TREAS	FAC	FEDERAL HOME LOAN	02/26/2019	4,915,037.60	2.640	10/27/2023	4,905,000.00	1,704	4,905,000.00	2.548	2.583	1,395
3130A0F70	17613	TREAS	FAC	FEDERAL HOME LOAN	01/18/2019	10,236,059.32	3.375	12/08/2023	10,000,000.00	1,785	10,000,000.00	2.692	2.730	1,437
3130A0F70	17632	TREAS	FAC	FEDERAL HOME LOAN	04/04/2019	11,615,372.85	3.375	12/08/2023	11,200,000.00	1,709	11,200,000.00	2.341	2.373	1,437
89236TFS9	17612	TREAS	MTN	TOYOTA MOTOR CREDIT	01/09/2019	12,195,216.69	3.350	01/08/2024	12,250,000.00	1,825	12,250,000.00	3.425	3.472	1,468
24422EUR8	17665	TREAS	MTN	JOHN DEERE	11/26/2019	5,339,099.92	3.450	01/10/2024	5,000,000.00	1,506	5,000,000.00	1.996	2.024	1,470
24422EUR8	17672	TREAS	MTN	JOHN DEERE	12/12/2019	3,535,232.99	3.450	01/10/2024	3,306,000.00	1,490	3,306,000.00	1.997	2.025	1,470
24422EUR8	17678	TREAS	MTN	JOHN DEERE	12/27/2019	6,856,378.73	3.450	01/10/2024	6,413,000.00	1,475	6,413,000.00	2.039	2.067	1,470
46632FPT6	17627	TREAS	MTN	JP MORGAN	03/06/2019	30,000,000.00	3.050	01/26/2024	30,000,000.00	1,787	30,000,000.00	3.009	3.050	1,486
3130AGA88	17633	TREAS	FAC	FEDERAL HOME LOAN	04/05/2019	49,968,040.95	2.320	01/29/2024	50,000,000.00	1,760	50,000,000.00	2.305	2.337	1,489
594918BX1	17629	TREAS	MTN	MICROSOFT	03/07/2019	10,000,000.00	2.875	02/06/2024	10,000,000.00	1,797	10,000,000.00	2.835	2.875	1,497
3133EKBW5	17620	TREAS	FAC	FEDERAL FARM CREDIT	02/28/2019	20,015,334.21	2.610	02/27/2024	20,000,000.00	1,825	20,000,000.00	2.555	2.590	1,518
3133EKBW5	17622	TREAS	FAC	FEDERAL FARM CREDIT	03/01/2019	19,986,672.61	2.610	02/27/2024	20,000,000.00	1,824	20,000,000.00	2.591	2.627	1,518
3133ELCS1	17666	TREAS	FAC	FEDERAL FARM CREDIT	12/11/2019	19,939,600.00	1.550	03/11/2024	20,000,000.00	1,552	20,000,000.00	1.603	1.625	1,531
3133ELCS1	17667	TREAS	FAC	FEDERAL FARM CREDIT	12/11/2019	24,921,045.75	1.550	03/11/2024	25,000,000.00	1,552	25,000,000.00	1.606	1.628	1,531
46632FPX7	17634	TREAS	MTN	JP MORGAN	05/15/2019	40,000,000.00	2.775	05/15/2024	40,000,000.00	1,827	40,000,000.00	2.737	2.775	1,596
3133ELEM2	17674	TREAS	FAC	FEDERAL FARM CREDIT	12/17/2019	25,000,000.00	1.700	05/17/2024	25,000,000.00	1,613	25,000,000.00	1.677	1.700	1,598
912828XT2	17677	TREAS	TRC	US TREASURY NOTE	12/18/2019	20,264,421.51	2.000	05/31/2024	20,000,000.00	1,626	20,000,000.00	1.688	1.711	1,612
24422ETT6	17650	TREAS	MTN	JOHN DEERE	09/19/2019	7,182,455.27	2.650	06/24/2024	7,059,000.00	1,740	7,059,000.00	2.205	2.236	1,636
3135G0V75	17652	TREAS	FAC	FEDERAL NATIONAL	09/26/2019	35,312,600.60	1.750	07/02/2024	35,000,000.00	1,741	35,000,000.00	1.608	1.631	1,644
3135G0V75	17656	TREAS	FAC	FEDERAL NATIONAL	10/16/2019	10,095,427.81	1.750	07/02/2024	10,000,000.00	1,721	10,000,000.00	1.617	1.639	1,644
3135G0V75	17659	TREAS	FAC	FEDERAL NATIONAL	10/23/2019	10,086,196.93	1.750	07/02/2024	10,000,000.00	1,714	10,000,000.00	1.645	1.668	1,644
3135G0V75	17660	TREAS	FAC	FEDERAL NATIONAL	10/28/2019	8,702,502.79	1.750	07/02/2024	8,632,000.00	1,709	8,632,000.00	1.661	1.684	1,644
3135G0V75	17661	TREAS	FAC	FEDERAL NATIONAL	11/05/2019	23,220,184.99	1.750	07/02/2024	23,000,000.00	1,701	23,000,000.00	1.637	1.660	1,644
3135G0V75	17663	TREAS	FAC	FEDERAL NATIONAL	11/08/2019	25,054,567.35	1.750	07/02/2024	25,000,000.00	1,698	25,000,000.00	1.810	1.835	1,644
3135G0V75	17668	TREAS	FAC	FEDERAL NATIONAL	12/06/2019	25,262,831.49	1.750	07/02/2024	25,000,000.00	1,670	25,000,000.00	1.650	1.673	1,644
3135G0V75	17669	TREAS	FAC	FEDERAL NATIONAL	12/06/2019	15,160,963.55	1.750	07/02/2024	15,000,000.00	1,670	15,000,000.00	1.645	1.668	1,644
3135G0V75	17670	TREAS	FAC	FEDERAL NATIONAL	12/09/2019	15,132,154.90	1.750	07/02/2024	15,000,000.00	1,667	15,000,000.00	1.692	1.716	1,644
3135G0V75	17671	TREAS	FAC	FEDERAL NATIONAL	12/09/2019	25,221,984.72	1.750	07/02/2024	25,000,000.00	1,667	25,000,000.00	1.691	1.714	1,644
3135G0V75	17673	TREAS	FAC	FEDERAL NATIONAL	12/12/2019	25,219,523.36	1.750	07/02/2024	25,000,000.00	1,664	25,000,000.00	1.696	1.720	1,644
3135G0V75	17675	TREAS	FAC	FEDERAL NATIONAL	12/13/2019	20,134,078.94	1.750	07/02/2024	20,000,000.00	1,663	20,000,000.00	1.745	1.769	1,644
742651DP4	17643	TREAS	FAC	PRIVATE EXPORT	07/15/2019	10,192,993.56	2.450	07/15/2024	10,000,000.00	1,827	10,000,000.00	1.974	2.001	1,657
742651DP4	17644	TREAS	FAC	PRIVATE EXPORT	07/15/2019	10,189,099.19	2.450	07/15/2024	10,000,000.00	1,827	10,000,000.00	1.982	2.010	1,657
3133EKHV1	17655	TREAS	FAC	FEDERAL FARM CREDIT	10/16/2019	2,385,542.58	2.450	07/22/2024	2,292,000.00	1,741	2,292,000.00	1.623	1.646	1,664
3133EKVW4	17647	TREAS	FAC	FEDERAL FARM CREDIT	08/28/2019	5,044,140.89	1.850	07/26/2024	4,950,000.00	1,794	4,950,000.00	1.435	1.455	1,668

County of Fresno
Inventory by Maturity Report

CUSIP	Investment #	Fund	Sec. Type	Issuer	Purchase Date	Book Value	Current Rate	Maturity Date	Maturity Amount	Total Days	Par Value	YTM		Days to Maturity
												360	365	
3133EKVV4	17648	TREAS	FAC	FEDERAL FARM CREDIT	08/28/2019	15,278,827.54	1.850	07/26/2024	15,000,000.00	1,794	15,000,000.00	1.444	1.464	1,668
3133EKVV4	17649	TREAS	FAC	FEDERAL FARM CREDIT	09/13/2019	18,097,670.29	1.850	07/26/2024	17,941,000.00	1,778	17,941,000.00	1.682	1.705	1,668
89236TGM1	17653	TREAS	MTN	TOYOTA MOTOR CREDIT	10/15/2019	30,000,000.00	1.875	07/31/2024	30,000,000.00	1,751	30,000,000.00	1.850	1.875	1,673
3133X8EW8	17651	TREAS	FAC	FEDERAL HOME LOAN	09/26/2019	4,401,958.34	5.375	08/15/2024	3,760,000.00	1,785	3,760,000.00	1.630	1.653	1,688
3130AGWK7	17658	TREAS	FAC	FEDERAL HOME LOAN	10/23/2019	9,956,014.96	1.500	08/15/2024	10,000,000.00	1,758	10,000,000.00	1.640	1.662	1,688
3130AGWK7	17662	TREAS	FAC	FEDERAL HOME LOAN	11/05/2019	12,457,498.39	1.500	08/15/2024	12,500,000.00	1,745	12,500,000.00	1.628	1.651	1,688
3130AGWK7	17676	TREAS	FAC	FEDERAL HOME LOAN	12/18/2019	9,948,631.78	1.500	08/15/2024	10,000,000.00	1,702	10,000,000.00	1.707	1.731	1,688
3130A2UW4	17654	TREAS	FAC	FEDERAL HOME LOAN	10/15/2019	10,567,895.15	2.875	09/13/2024	10,000,000.00	1,795	10,000,000.00	1.645	1.668	1,717
13063DRK6	17657	TREAS	MUN	STATE OF CALIFORNIA	10/24/2019	51,105,196.96	2.400	10/01/2024	50,000,000.00	1,804	50,000,000.00	1.884	1.910	1,735
89236TGL3	17664	TREAS	MTN	TOYOTA MOTOR CREDIT	11/12/2019	9,995,916.28	2.000	10/07/2024	10,000,000.00	1,791	10,000,000.00	2.024	2.052	1,741
Subtotal and Average						3,468,877,485.15			3,465,729,375.00		3,464,441,000.00	2.083	2.112	906
Net Maturities and Average						3,468,877,485.15			3,465,729,375.00		3,464,441,000.00	2.083	2.112	906



Quarterly Economic and Market Update

December 2019

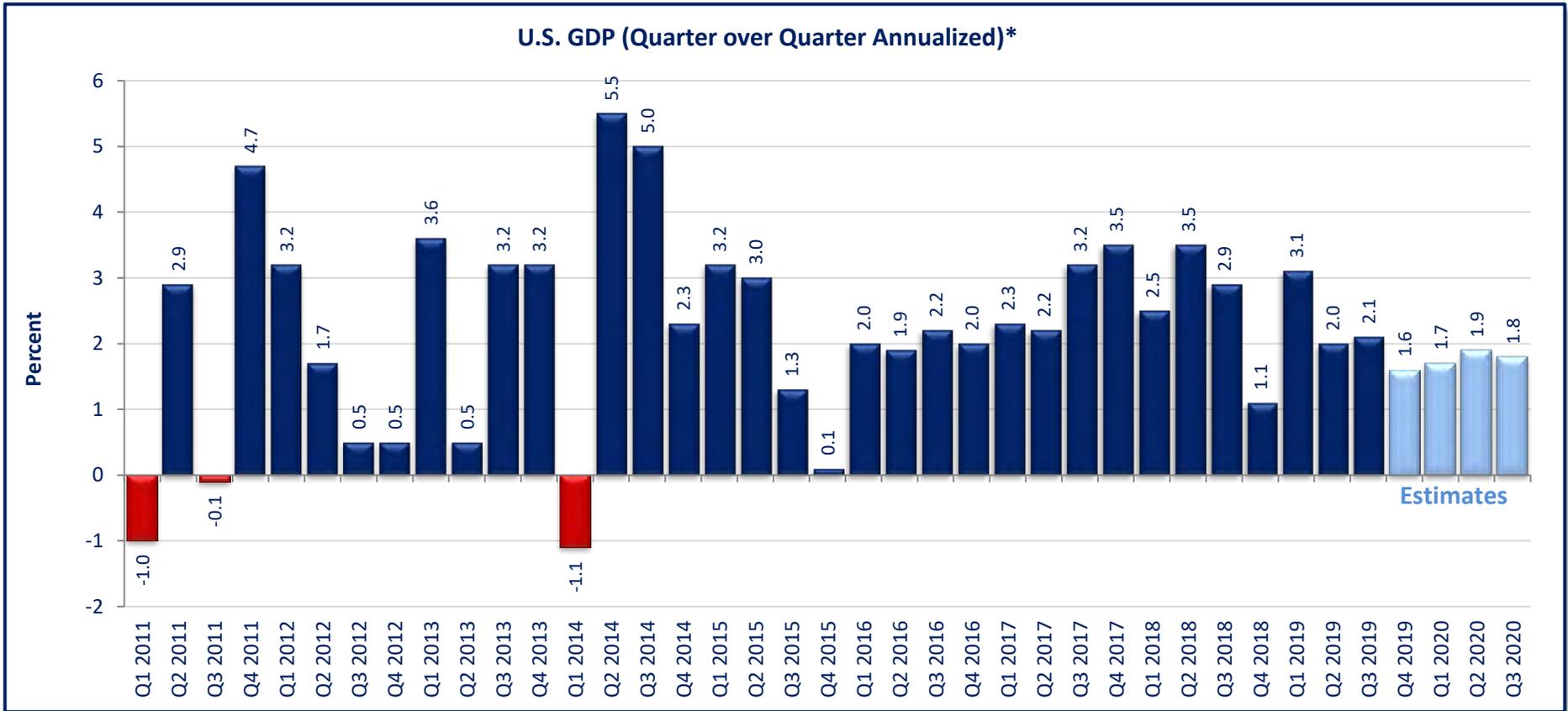
Economic and Market Update
12/31/19

Item	12/31/19	9/30/19	Change
U.S. Payrolls Monthly Change	145,000	193,000	(48,000)
Unemployment Rate	3.5%	3.5%	0.0%
Labor Force Participation	63.2%	63.2%	0.0%
Effective Fed Funds Rate	1.55%	1.90%	(0.35%)
3 Month T-Bill	1.55%	1.82%	(0.27%)
2 Year T-Note	1.57%	1.62%	(0.05%)
3 Year T-Note	1.61%	1.56%	0.05%
5 Year T-Note	1.69%	1.55%	0.15%
10 Year T-Note	1.92%	1.67%	0.25%
U.S. Fed Debt Avg Yield*	2.39%	2.44%	(0.05%)
30 Year Mortgage Rate	3.86%	3.72%	0.14%
1-5 Yr Agency Spread	0.04%	0.05%	(0.01%)
1-5 Yr A-AAA Corporate Spread	0.36%	0.44%	(0.08%)
Dow Jones	28,538	26,917	6.0%
S&P 500	3,231	2,977	8.5%
Consumer Price Index YOY*	1.8%	1.7%	0.1%
U.S. Avg Regular Unleaded	\$2.59	\$2.66	(\$0.07)
Retail Sales YOY*	5.6%	4.0%	1.6%
Case-Shiller Home Prices YOY*	2.2%	2.0%	0.2%
Gold (per ounce)	\$1,517.27	\$1,472.49	\$44.78
Dollar Index	96.39	99.38	(2.99)
Consumer Confidence	126.5	126.3	0.2

*Estimates for the current quarter/month, some data are lagged

Sources: FHN Main Street and Bloomberg

Economic and Market Update
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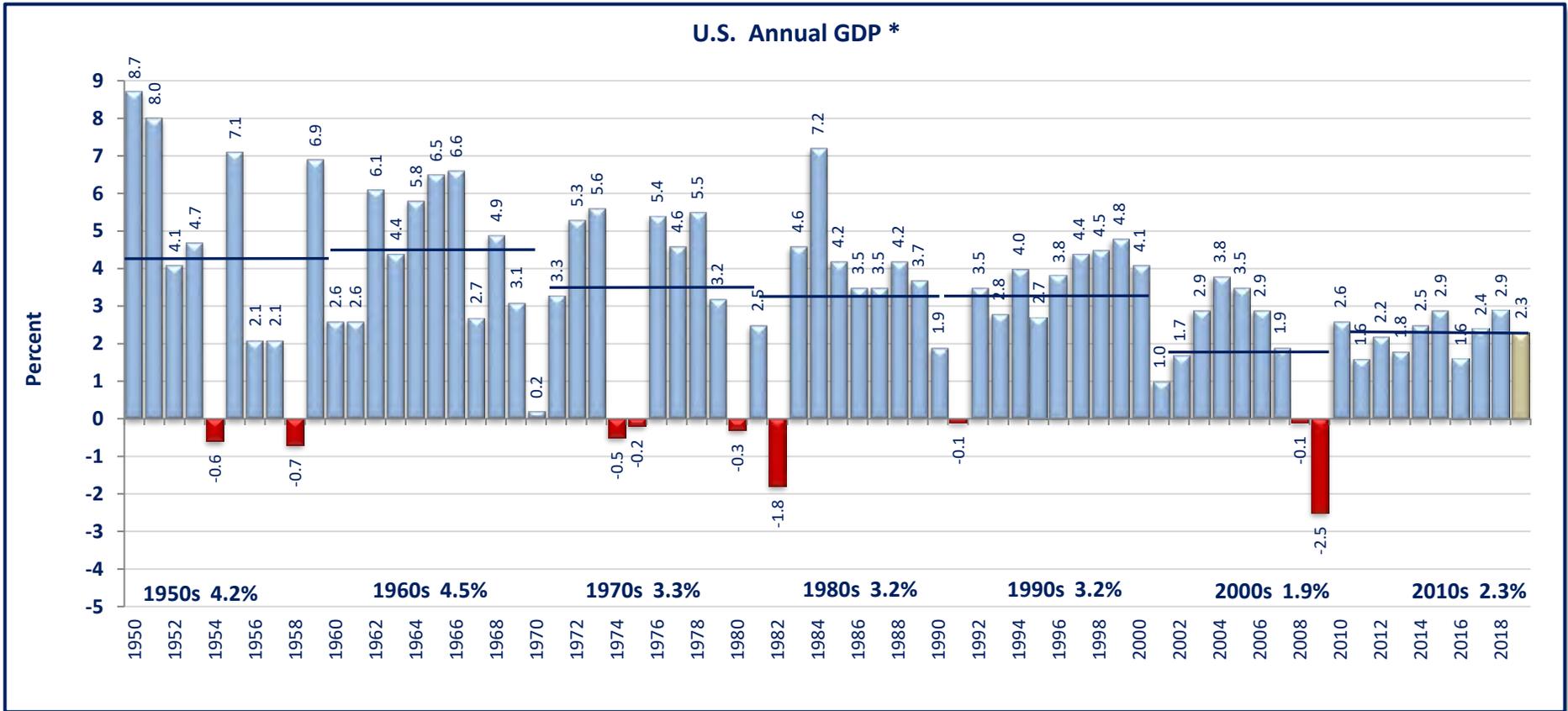
* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists

As of: 12/31/19

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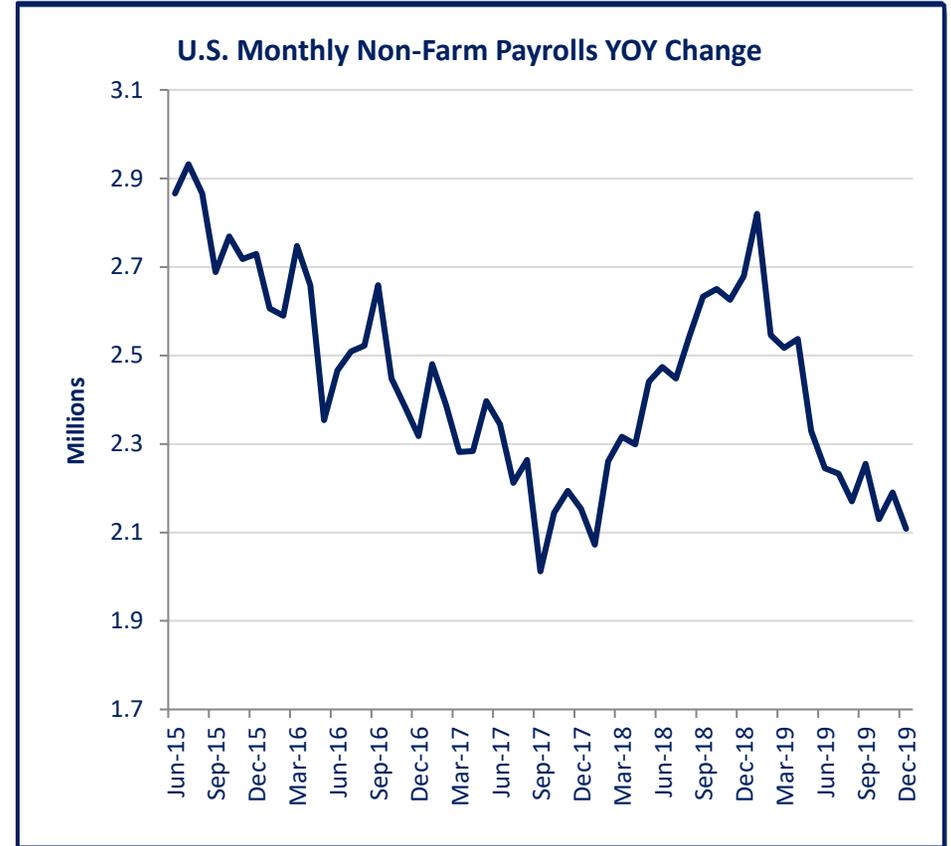
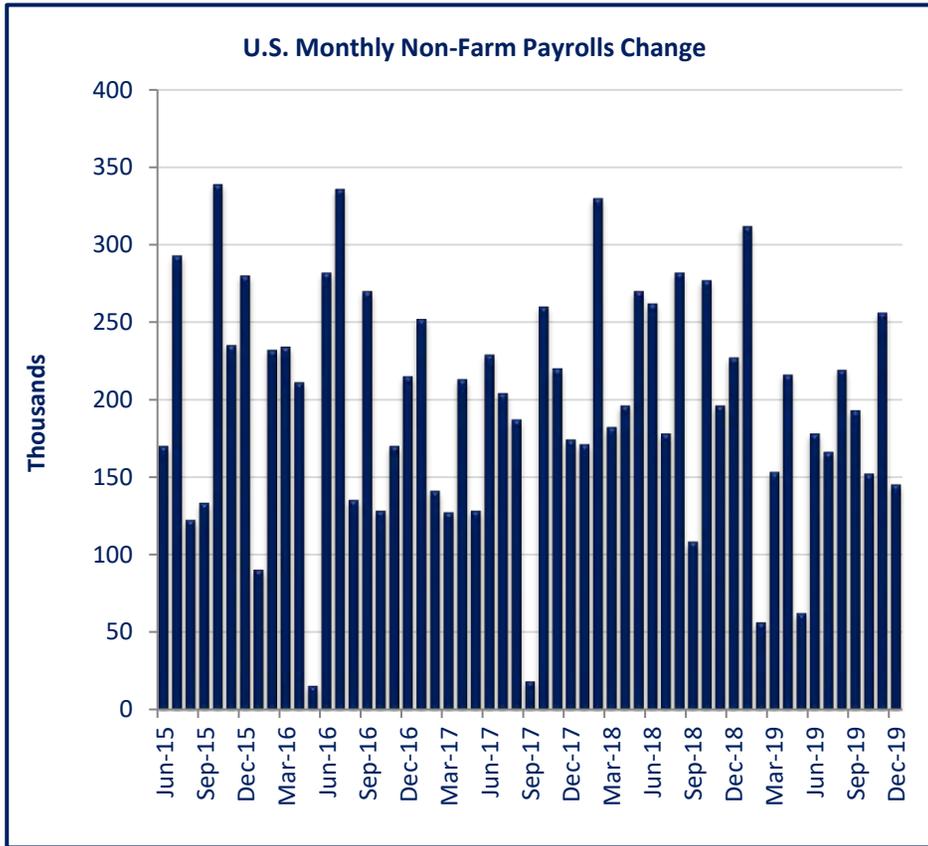
* Real Rate (Inflation Adjusted)

Source: Bureau of Economic Analysis

Estimate: Bloomberg's Survey of Economists

As of: 12/31/19

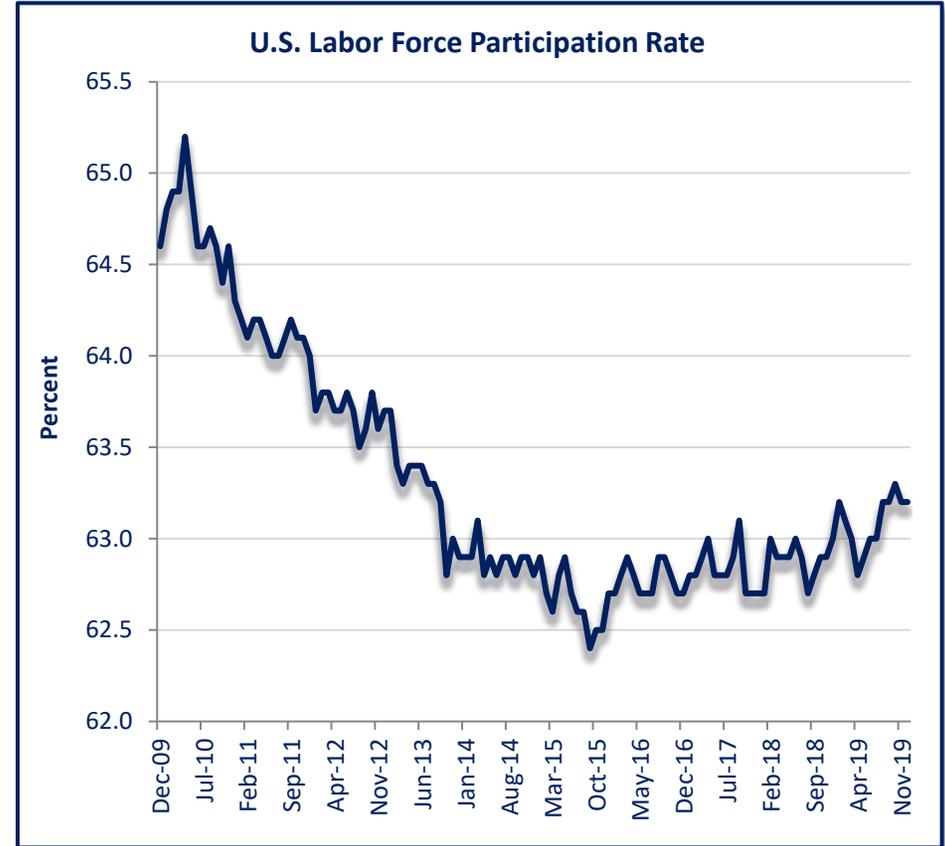
Economic and Market Update
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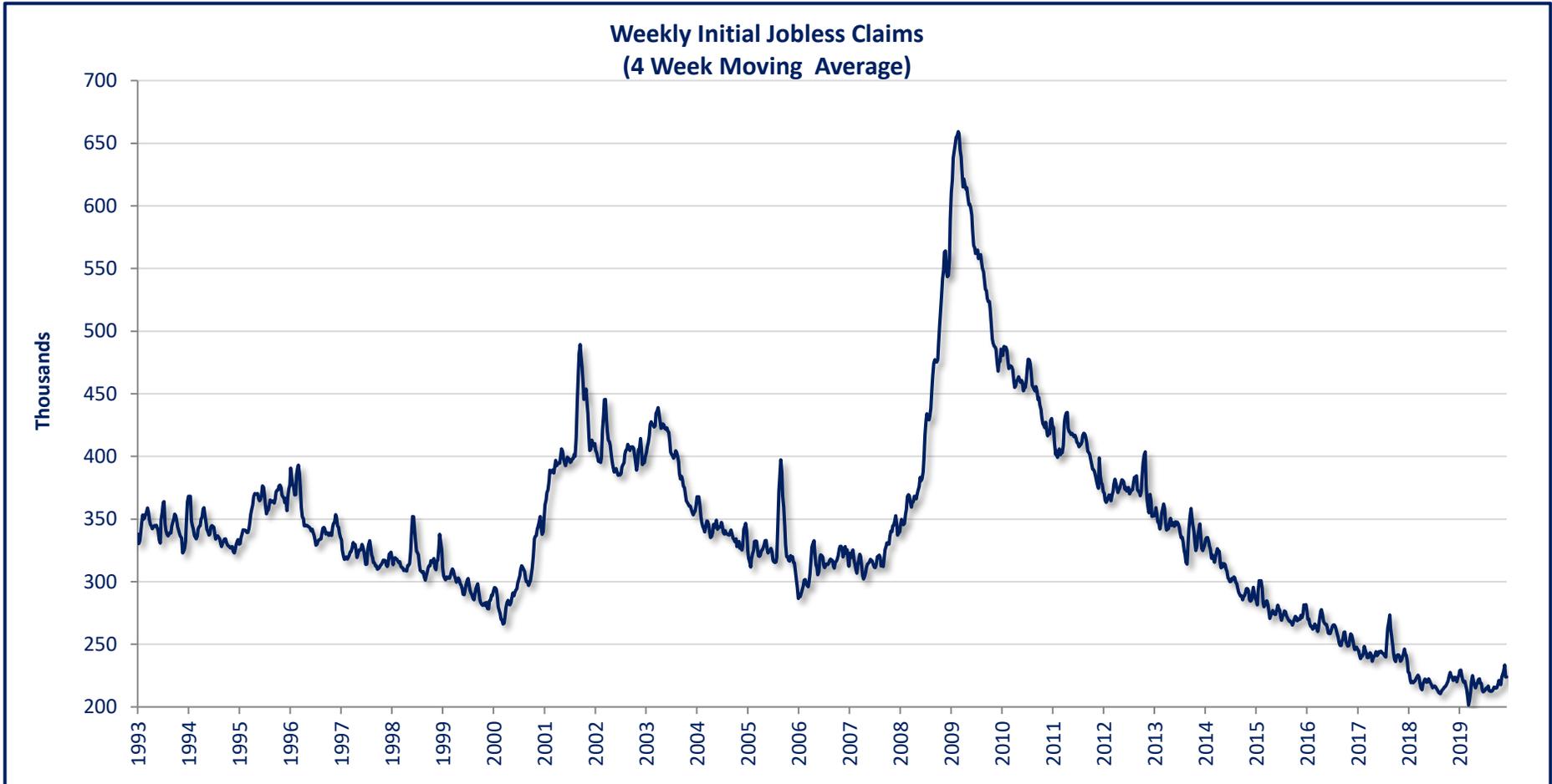
12 Month Average Job Change **175,667**

Source: Bureau of Labor Statistics

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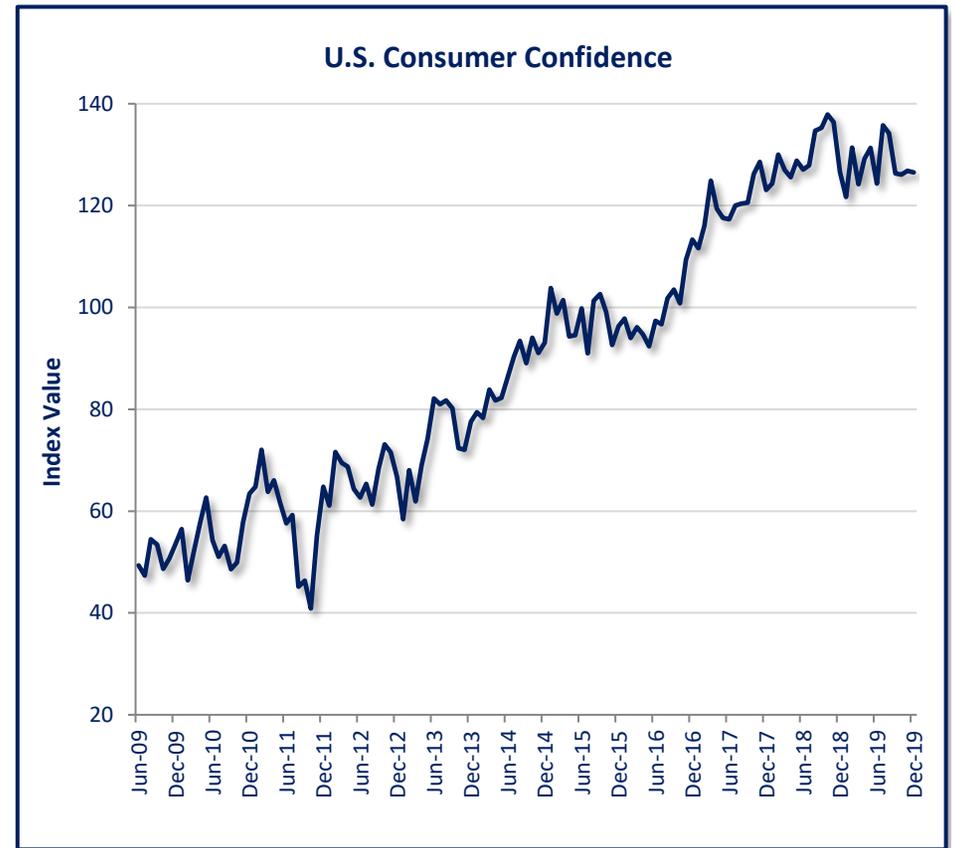
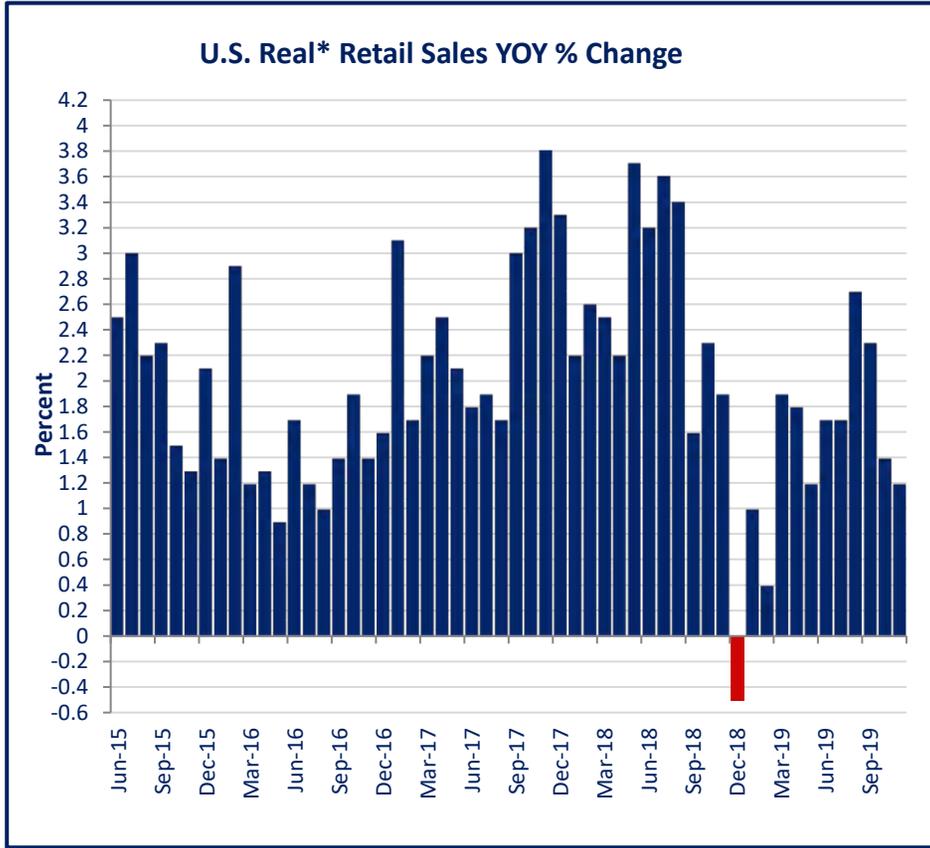
Source: Bureau of Labor Statistics



Weekly Initial Jobless Claims is the actual number of people who have filed for Unemployment benefits for the first time. The following five eligibility criteria must be met in order to file for unemployment benefits: 1. Meet the requirements of time worked during a 1 year period (full time or not). 2. Become unemployed through no fault of your own (cannot be fired). 3. Must be able to work; no physical or mental holdbacks. 4. Must be available for work. 5. Must be actively seeking work.

Source: Department of Labor and Bloomberg

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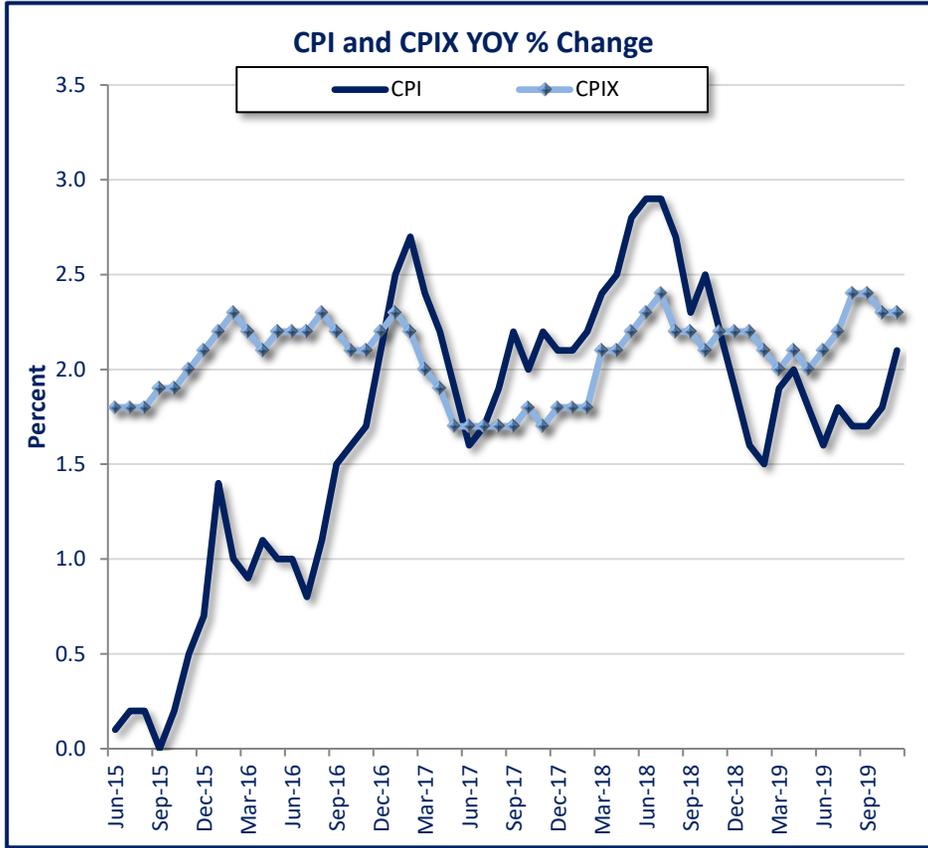


*Real: Inflation Adjusted

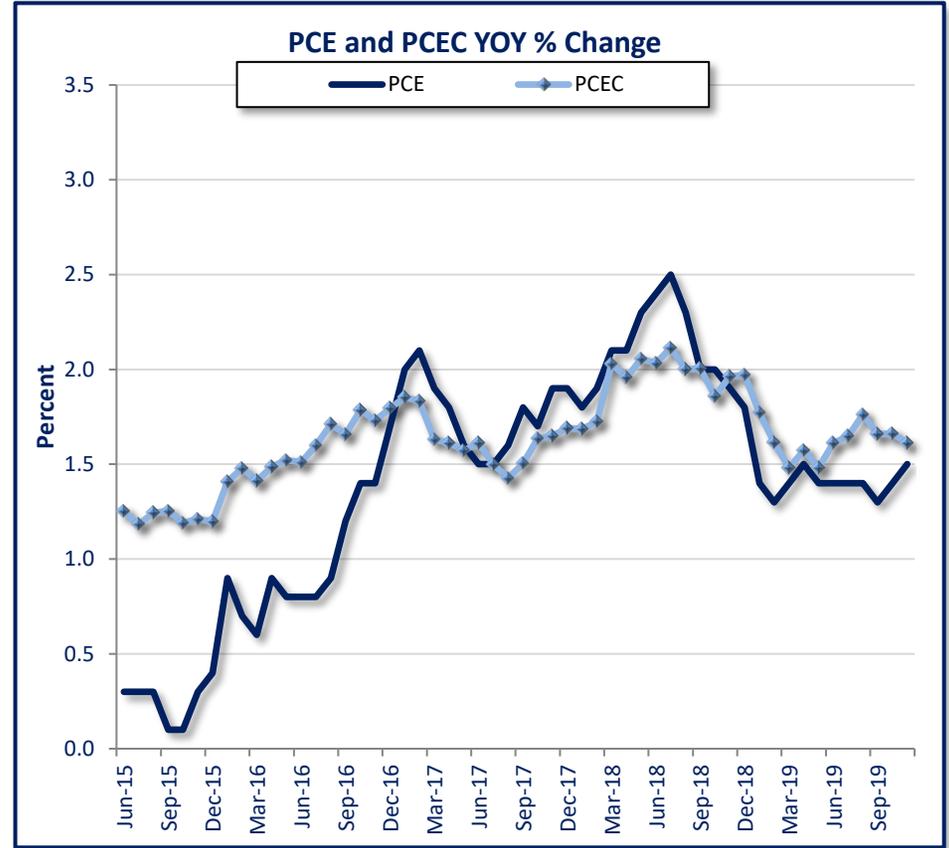
Source: U.S. Census Bureau

Source: Conference Board

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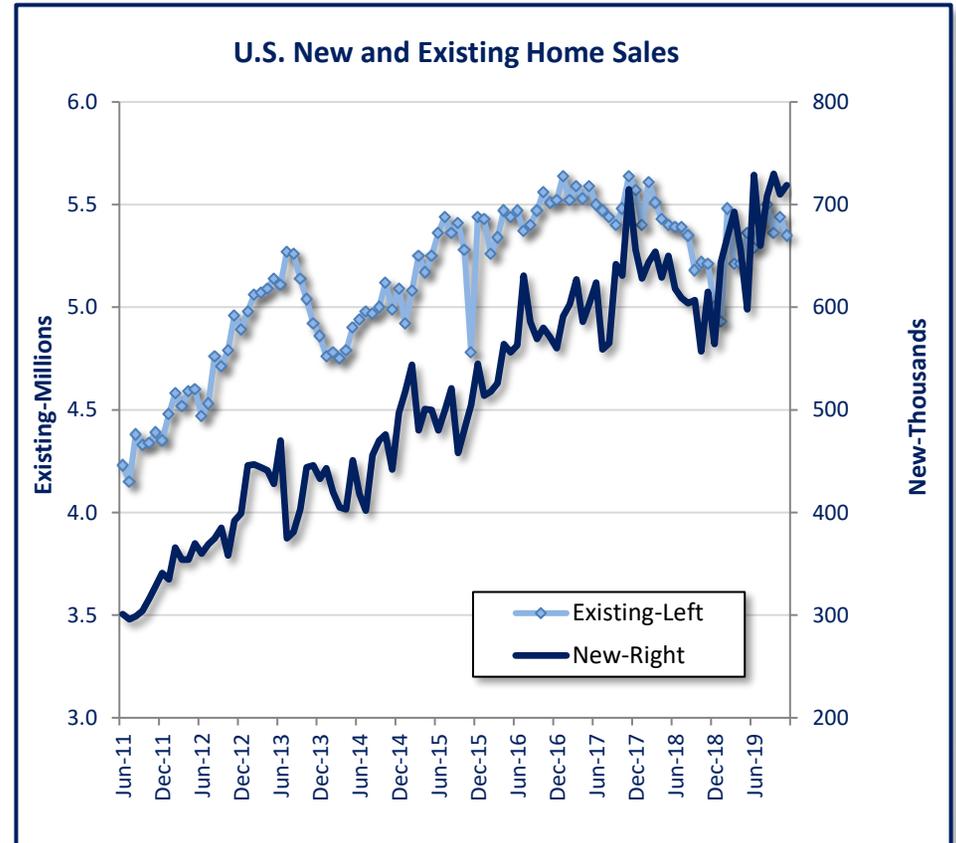
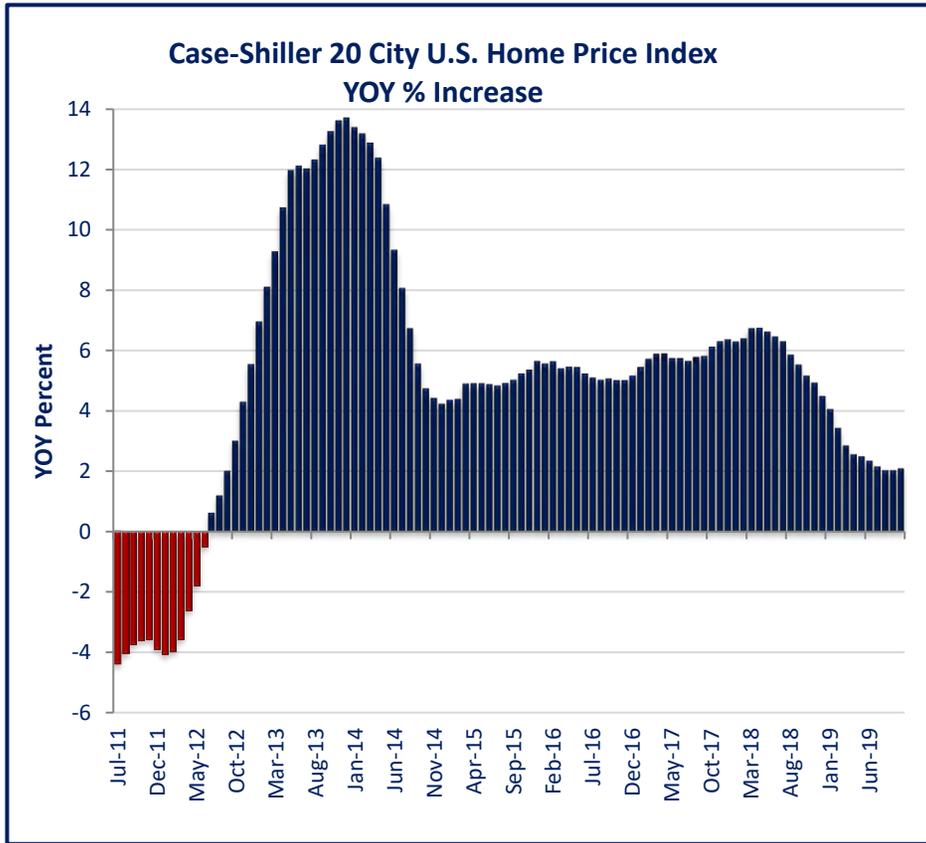
CPIX: Consumer Price Index, excluding food and energy



PCEC: Personal Consumption Expenditure Core

Source: Bureau of Labor Statistics and Bureau of Economic Analysis

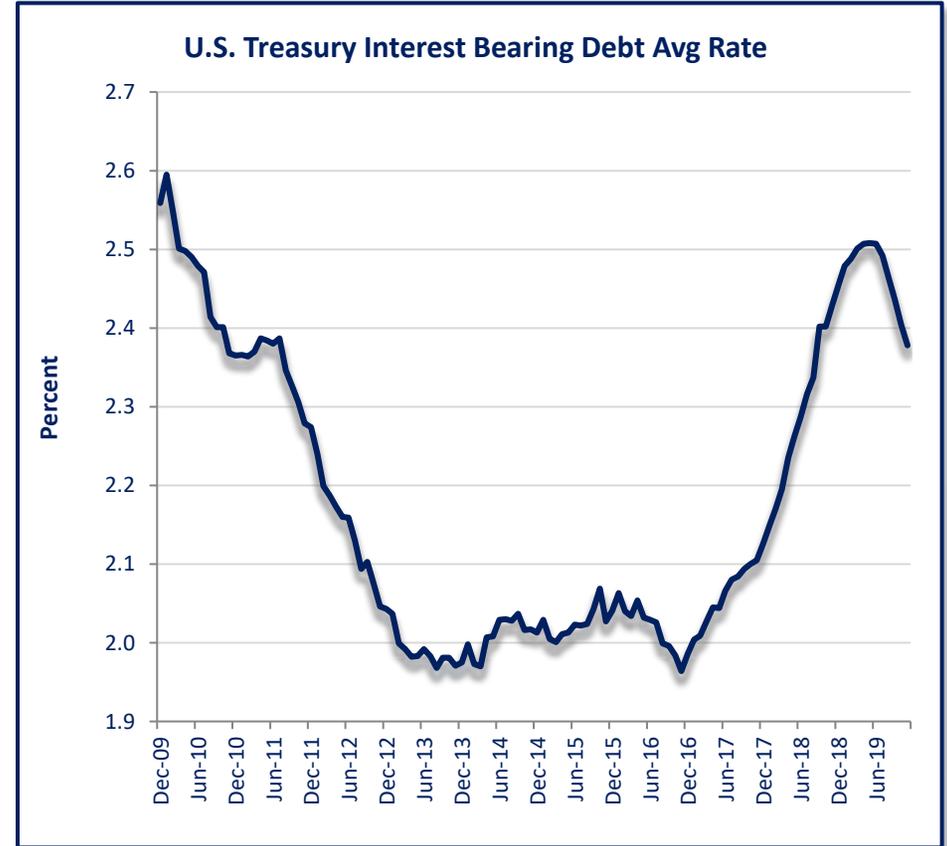
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Source: Case-Shiller

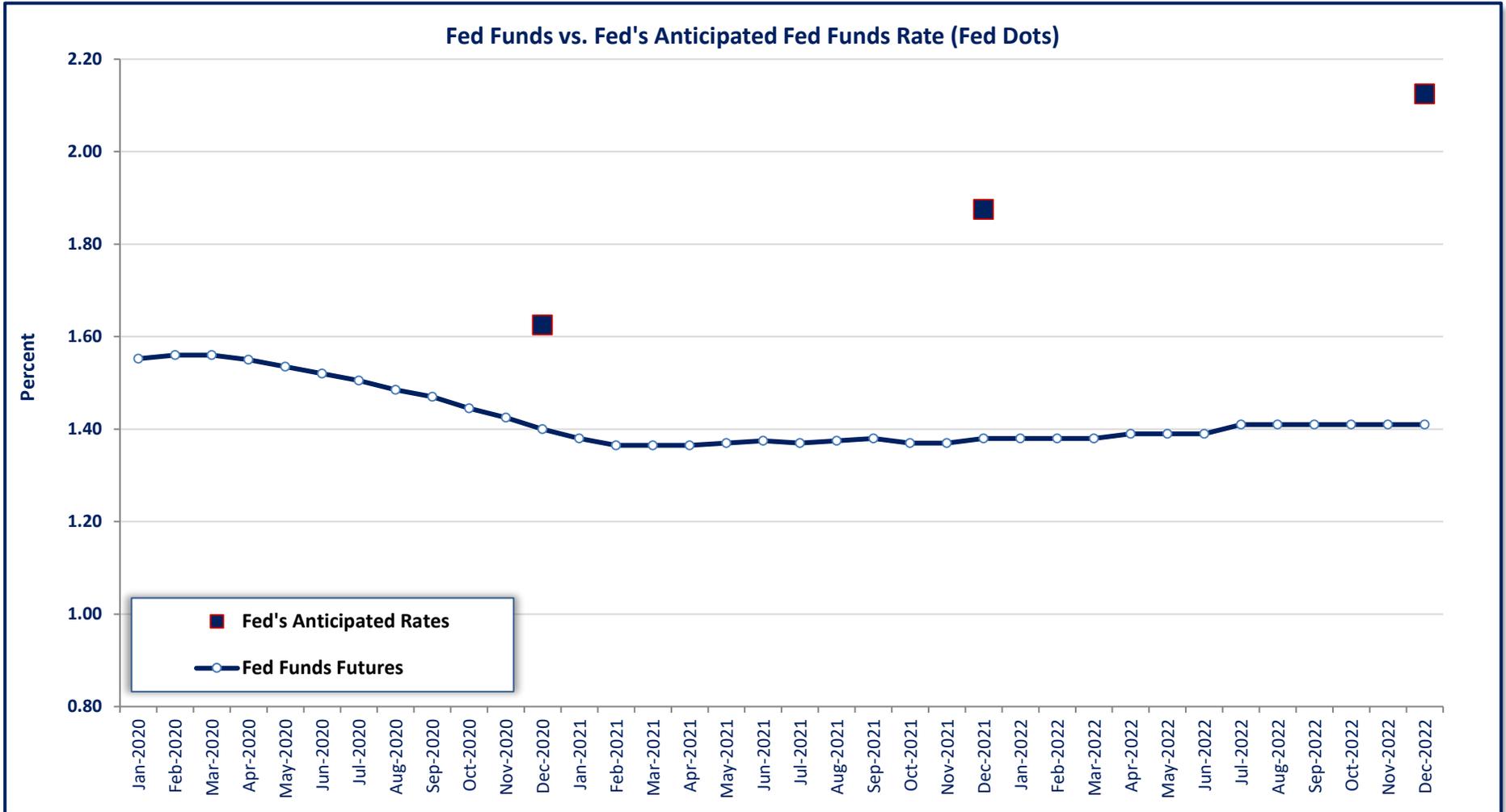
Sources: New (U.S. Census Bureau), Existing (National Assoc. of Realtors)
Seasonally Adjusted Annual Rate

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Source: U.S. Treasury

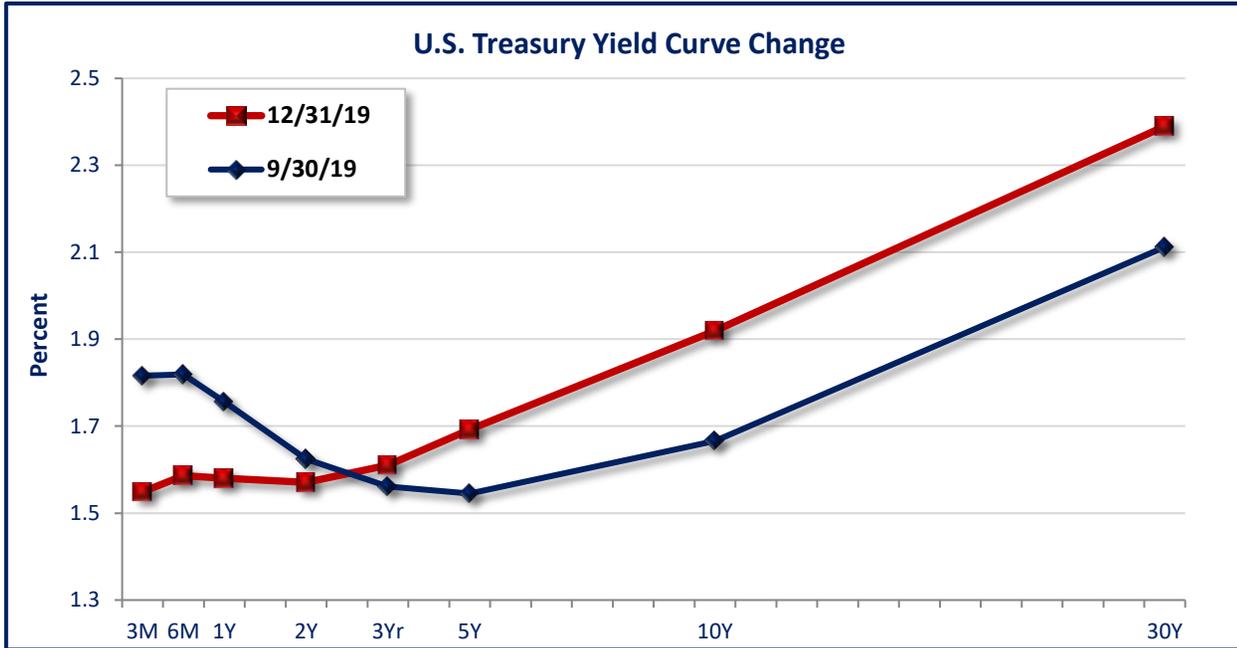
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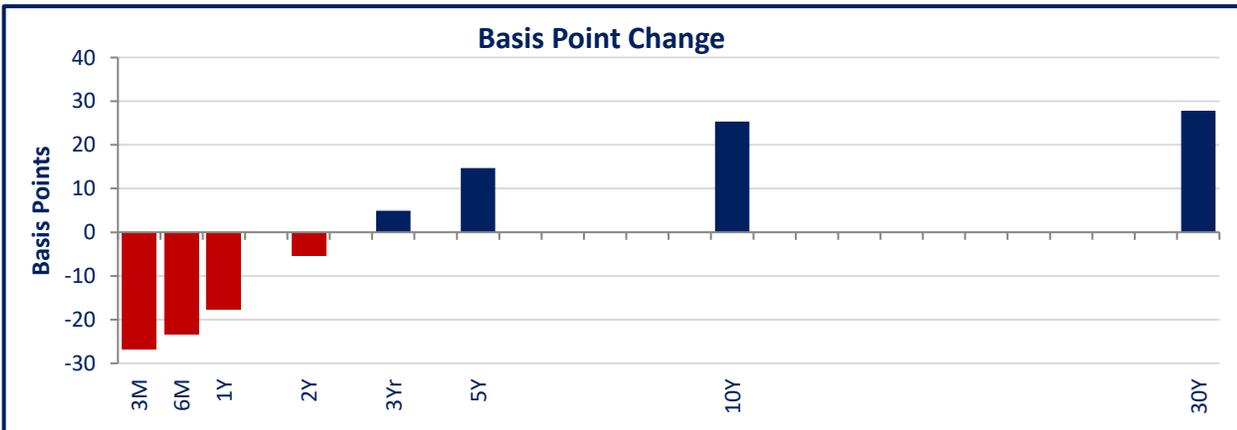
Fed Funds Anticipated Rate from the December 11, 2019 FOMC Meeting

Source: Bloomberg

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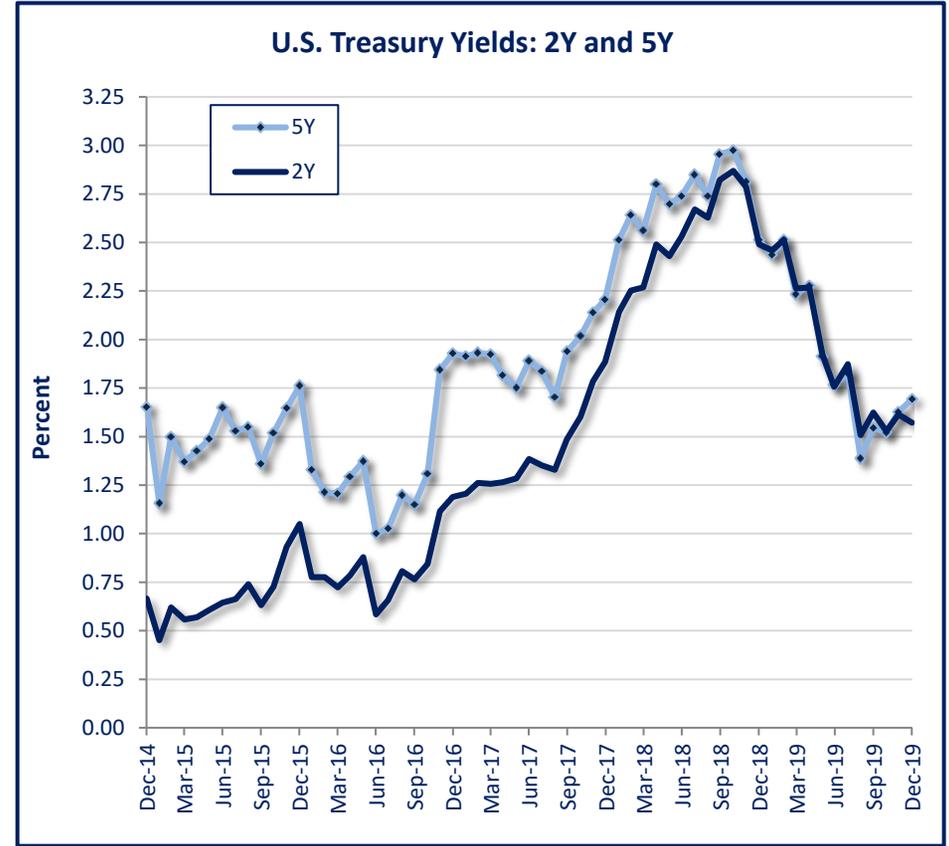
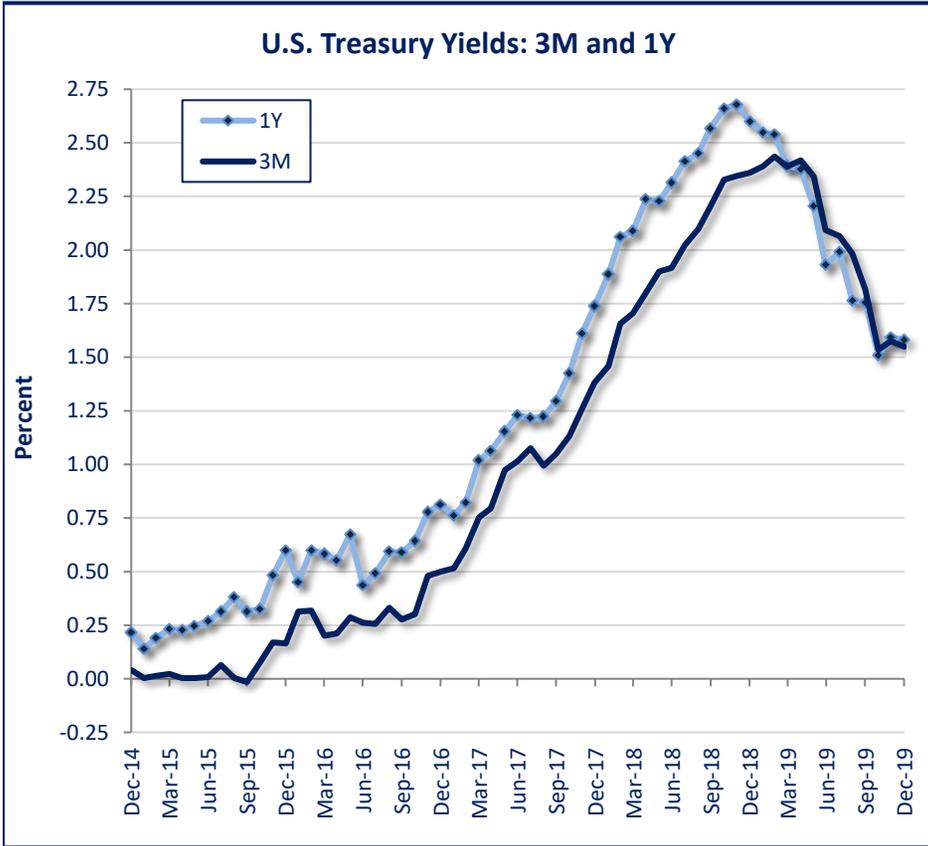


Maturity	9/30/19	12/31/19	Change
3M	1.82	1.55	-0.27
6M	1.82	1.59	-0.23
1Y	1.76	1.58	-0.18
2Y	1.62	1.57	-0.05
3Y	1.56	1.61	0.05
5Y	1.55	1.69	0.15
10Y	1.67	1.92	0.25
30Y	2.11	2.39	0.28



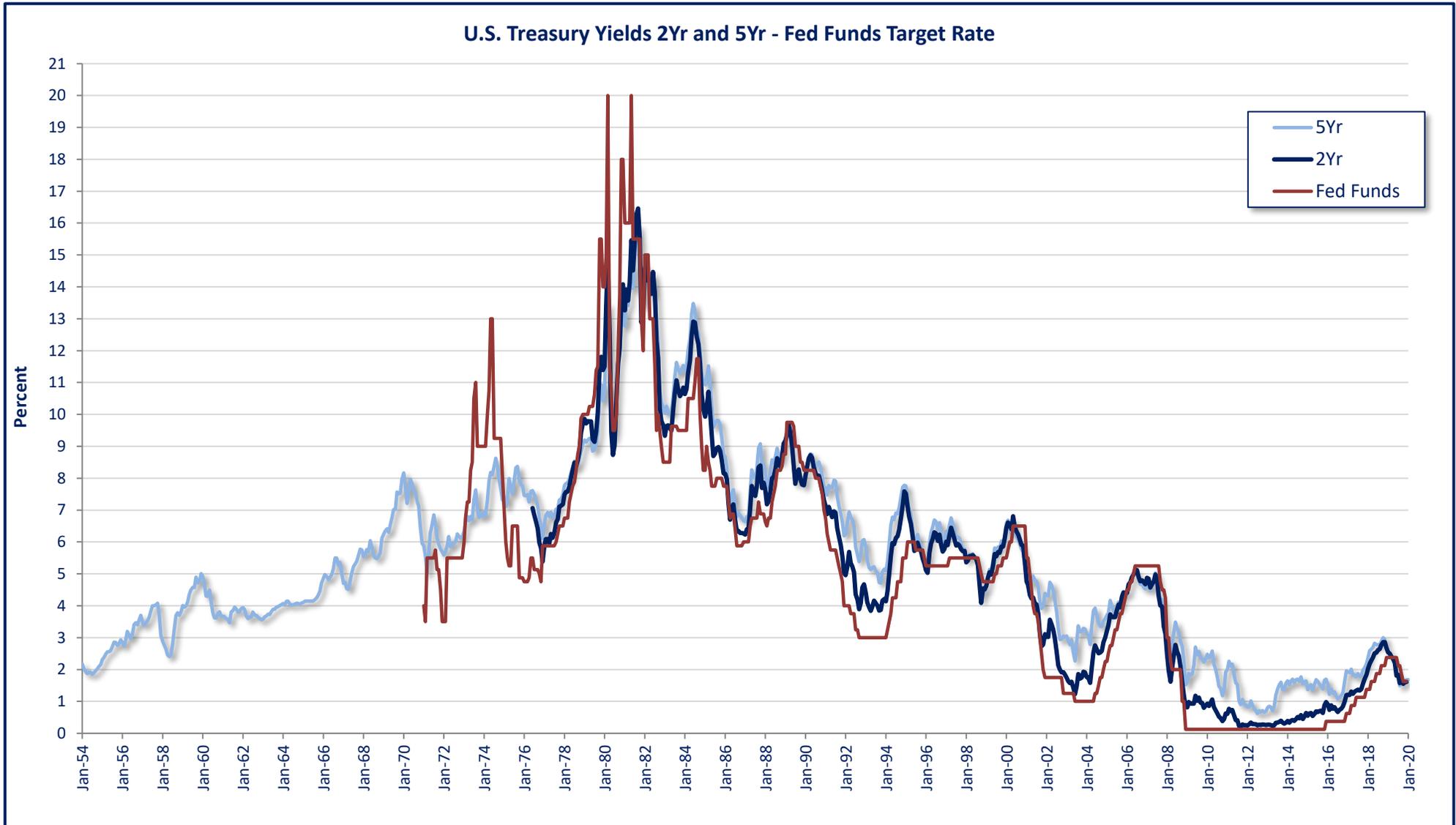
Source: Bloomberg
Figures may not total due to rounding

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Source: Bloomberg

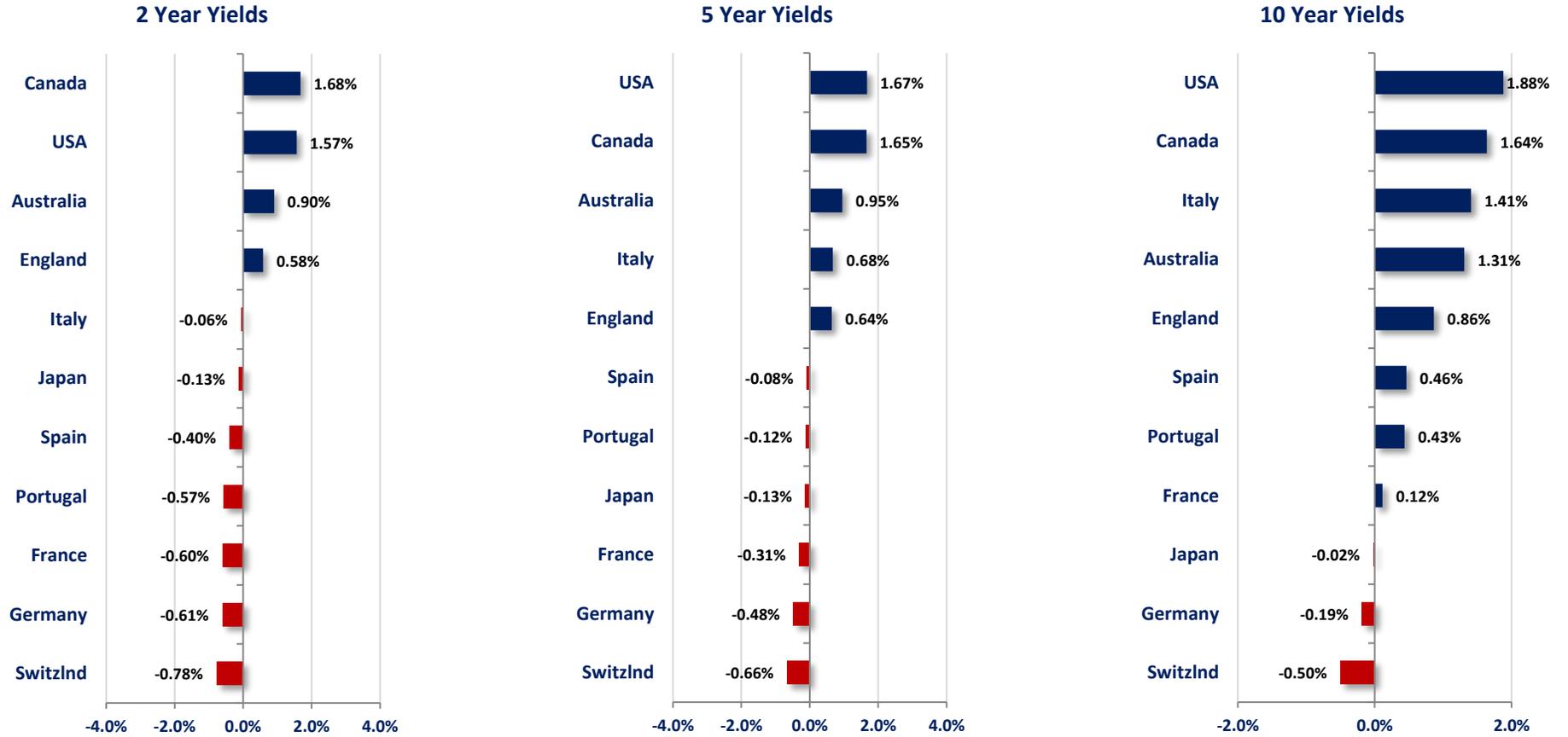
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Source: Bloomberg

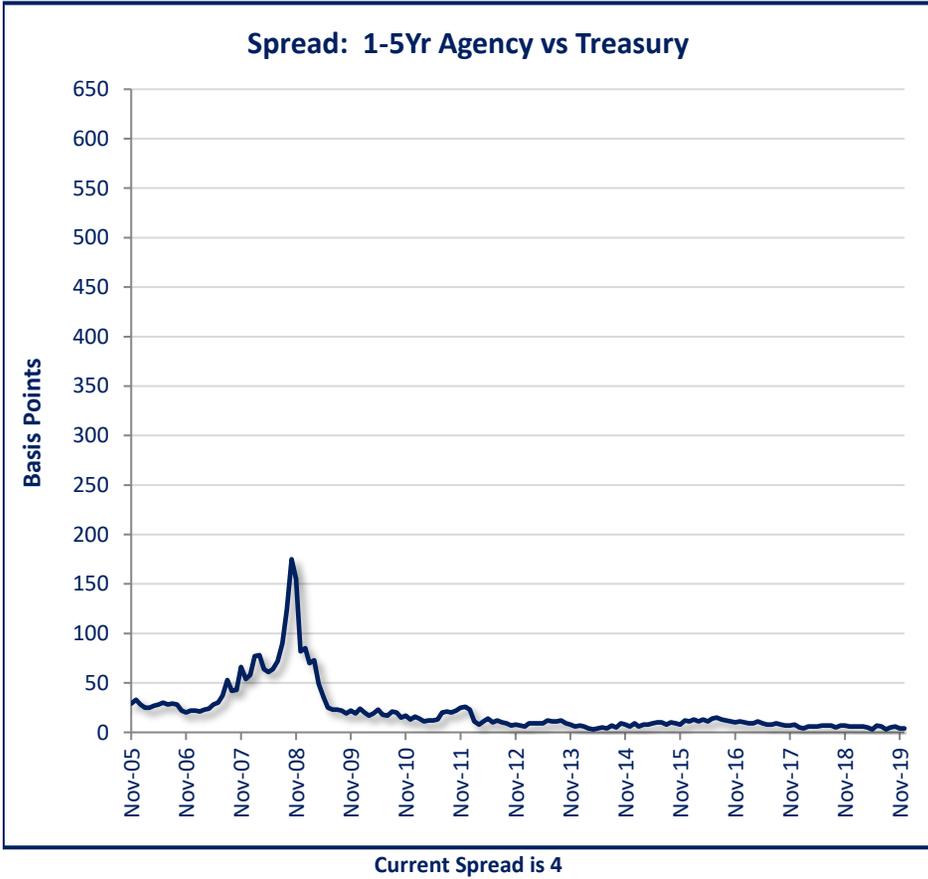
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Global Treasury Rates

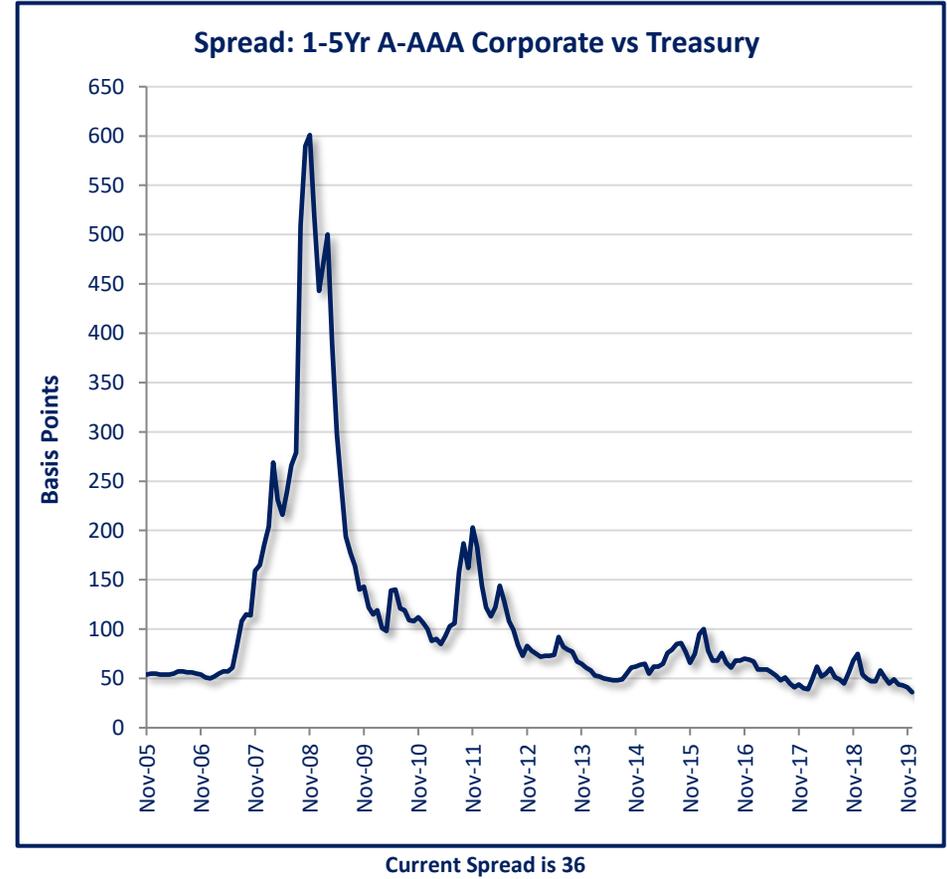


Source: Bloomberg

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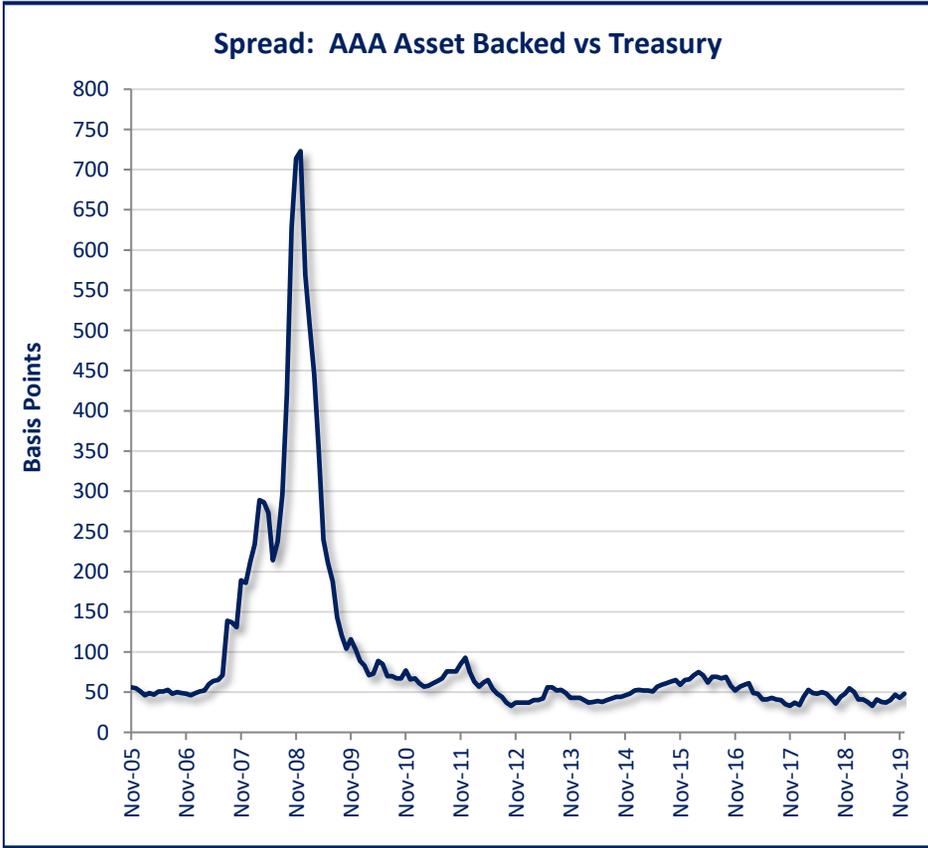
ICE BofAML Index (option adjusted spread vs. Treasury)
1-5Yr Non-Callable Agency (GVPB)



ICE BofAML Index (option adjusted spread vs. Treasury)
Corporate A-AAA Excluding Yankee (CVAC)

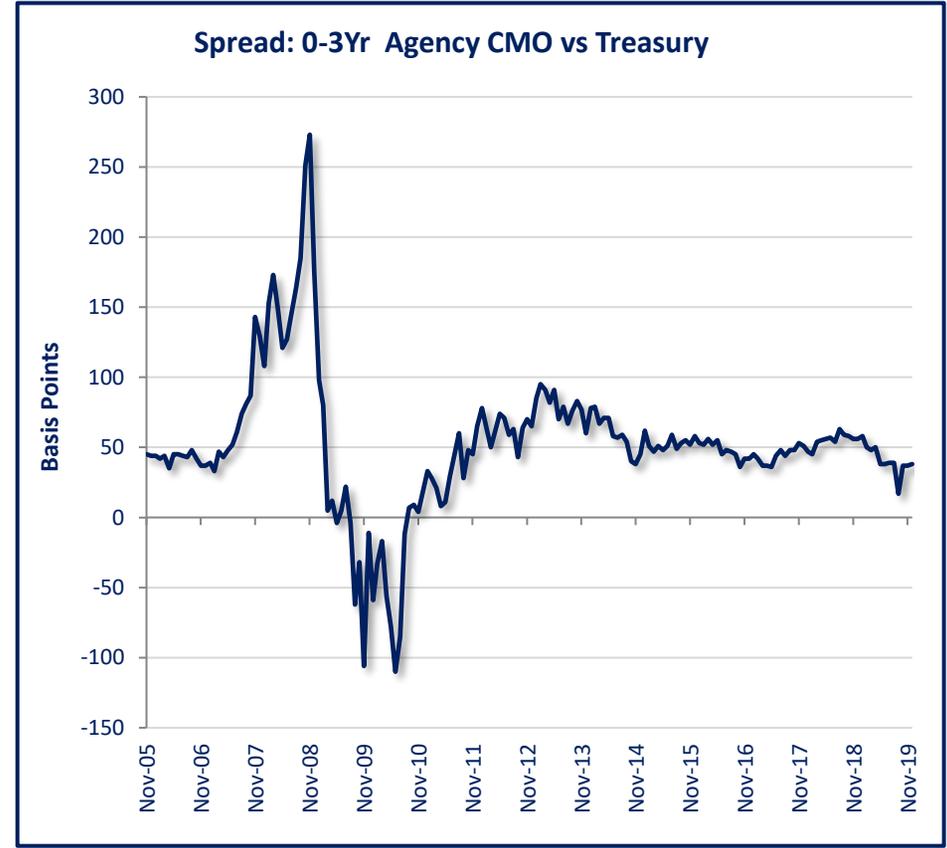
Source: ICE BofAML Indices

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Current Spread is 48

*ICE BofAML Index (option adjusted spread vs. Treasury)
AAA Rated ABS (ROA1)

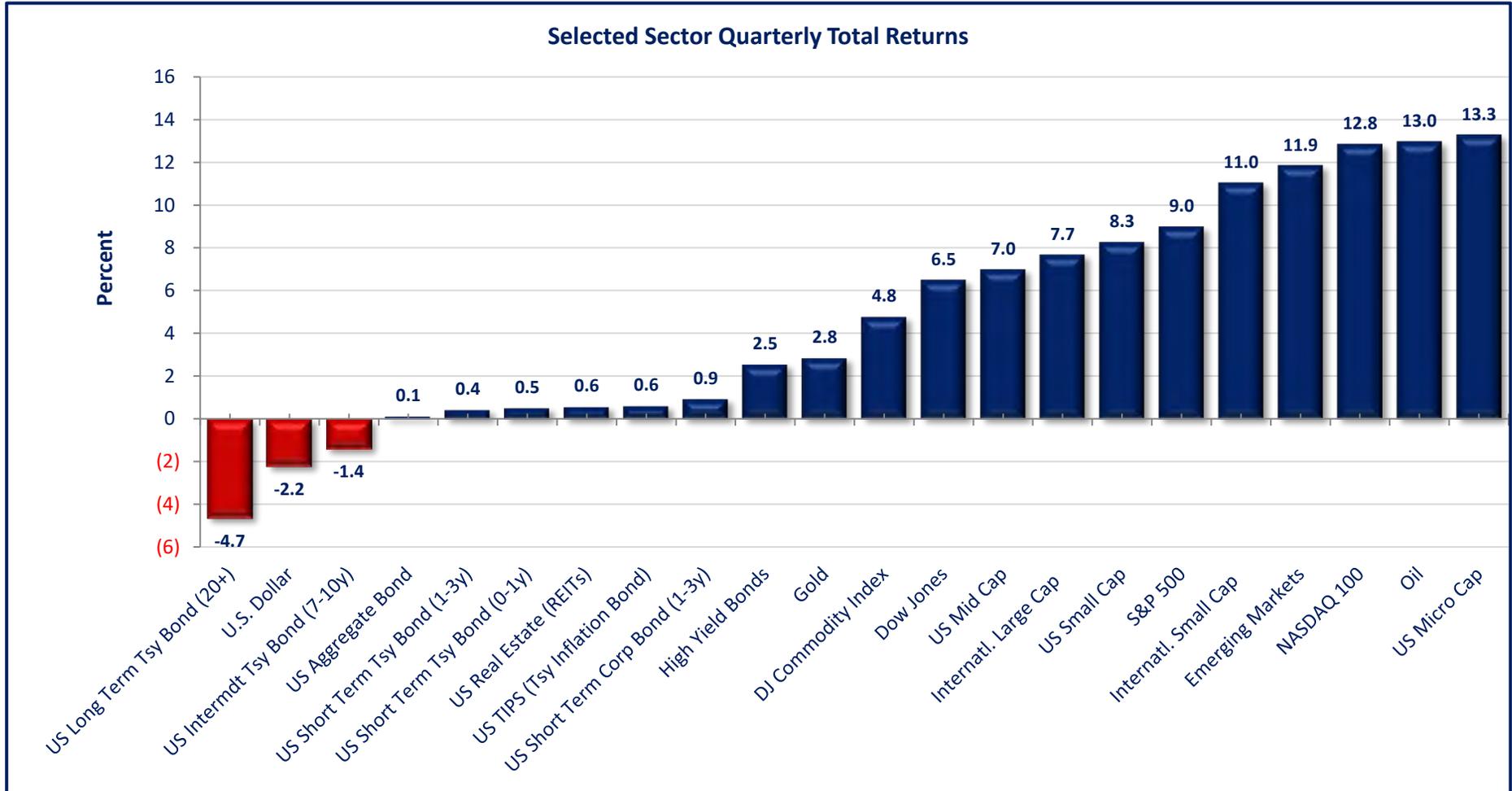


Current Spread is 38

*ICE BofAML Index (option adjusted spread vs. Treasury)
CMO Agency 0-3Yr PAC (CM1P)

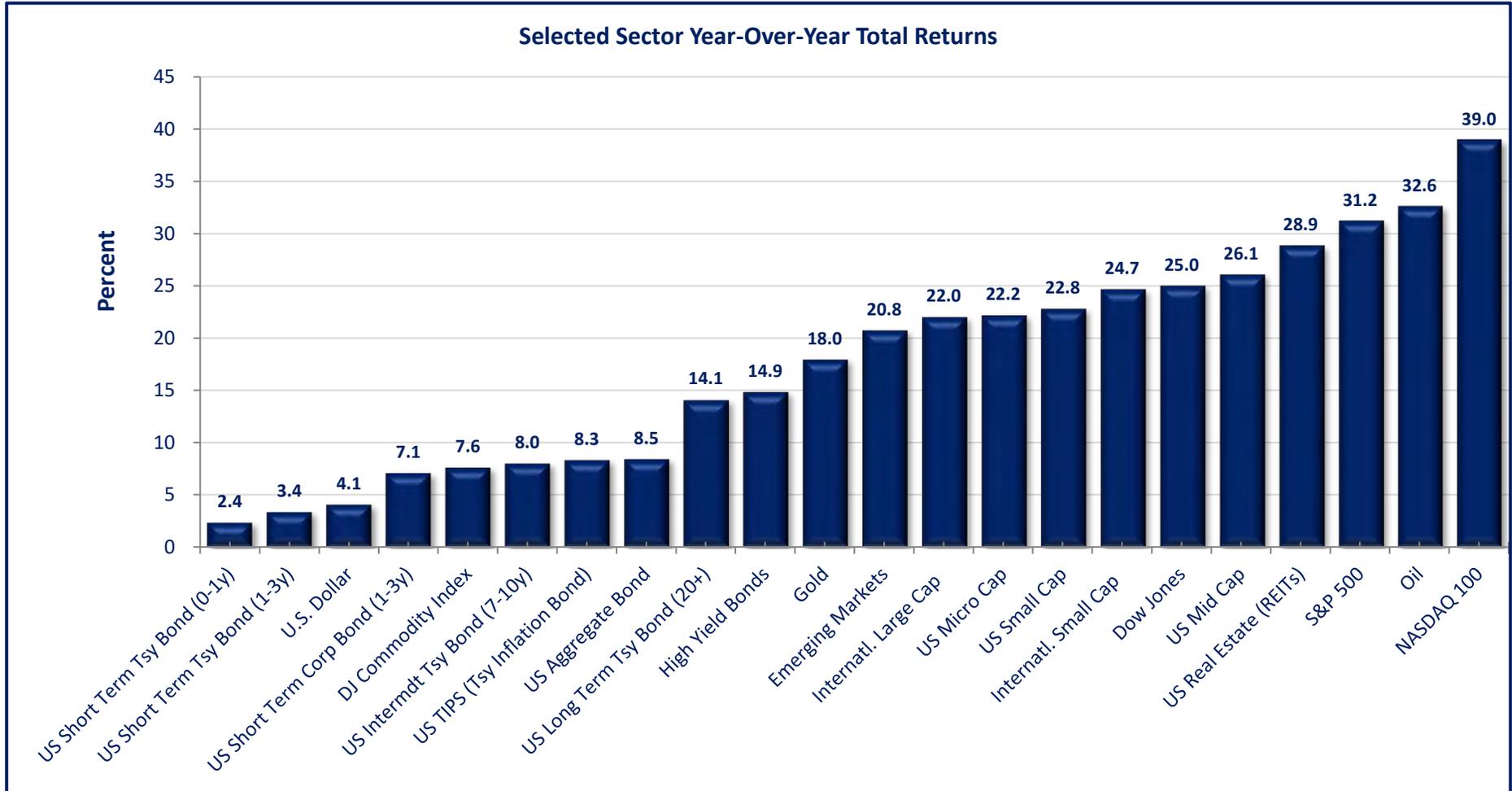
Source: ICE BofAML Indices

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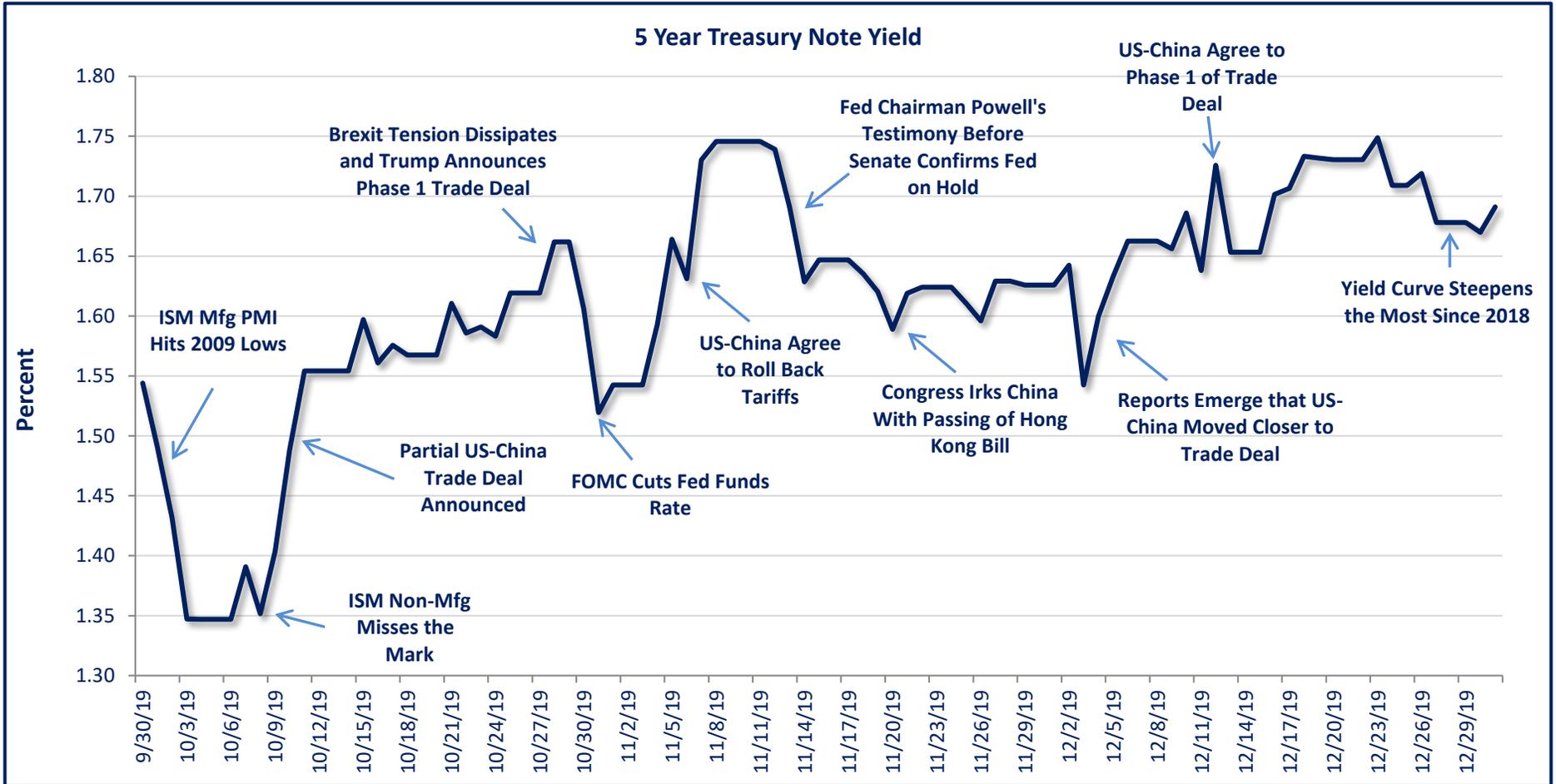
Source: Bloomberg

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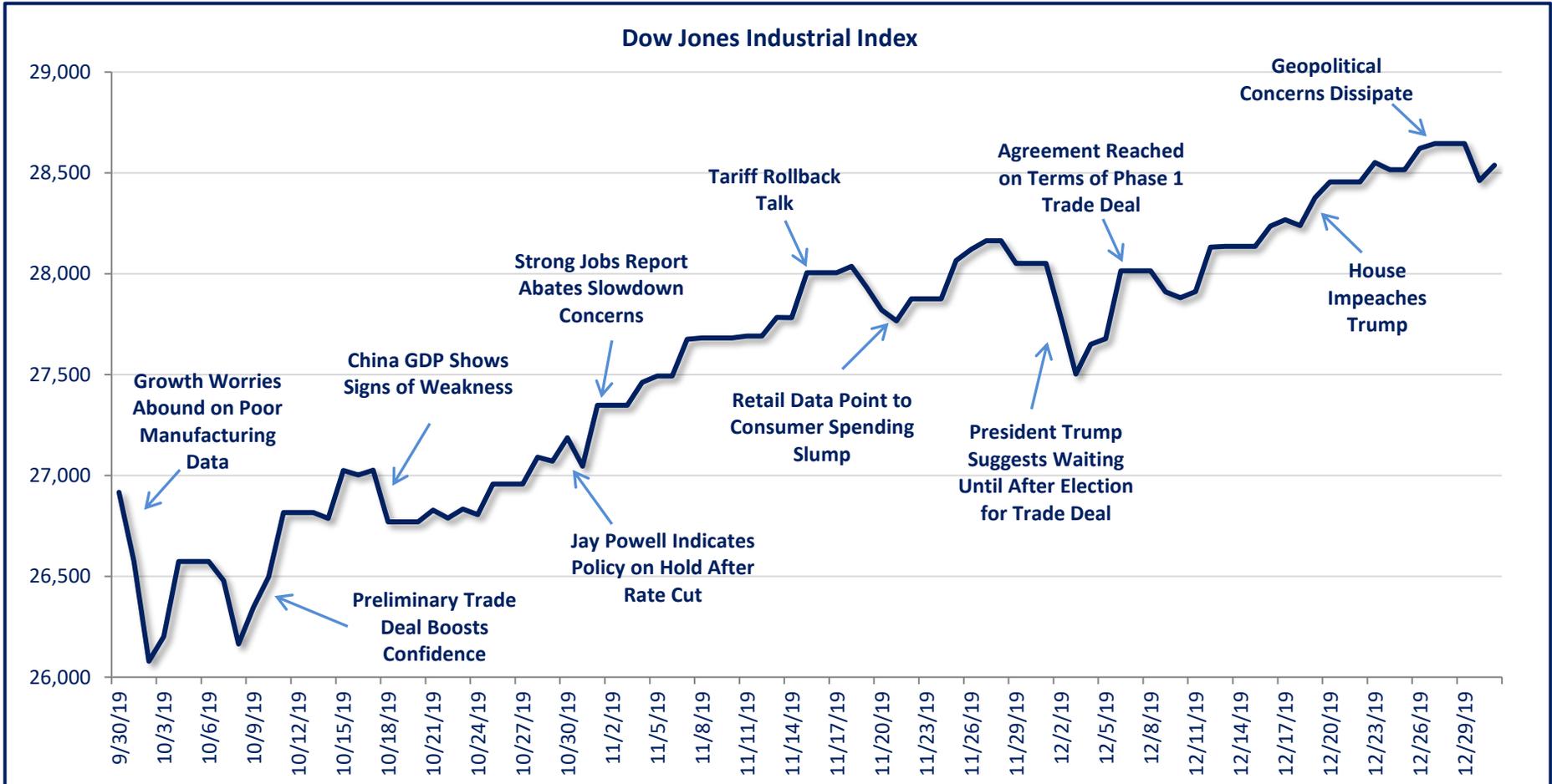
Source: Bloomberg

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Sources: Bloomberg, FHN Main Street

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Sources: Bloomberg, FHN Main Street

Disclosure

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

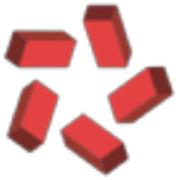
Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



BAM

**CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer