NEW ISSUE- FULL BOOK-ENTRY

INSURED RATING: S&P: "AA"
UNDERLYING RATING: S&P: "A+"
See "RATINGS" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Tax-Exempt 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, and the Tax-Exempt Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

$3,217,145.10
LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2008, Series 2019C
(Bank Qualified)

$565,000
LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2012, Series 2019D
(Bank Qualified)

Dated: **Date of Delivery**

Due: **August 1, as shown on inside cover**

Issuance. The Lindsay Unified School District General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified) (the "2008 Series C Bonds") and the Lindsay Unified School District General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified) (the "2012 Series D Bonds," and together with the 2008 Series C Bonds, the "Bonds"), are being issued by the Lindsay Unified School District (the "District") pursuant to resolutions of the Board of Education of the District adopted on September 23, 2019. The 2008 Series C Bonds were authorized at an election of the registered voters of the District held on February 5, 2008, which authorized the issuance of $20,700,000 principal amount of general obligation bonds (the "2008 Authorization") for the purpose of financing the renovation, construction and improvement of school facilities. The 2008 Series C Bonds are the third series of bonds to be issued under the 2008 Authorization. The 2012 Series D Bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $16,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2012 Authorization"). The 2012 Series D Bonds are the fourth series of bonds to be issued under the 2012 Authorization. See "THE BONDS – Authority for Issuance" and "– Purpose of Issue."

Security. The Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds. The District has other series of general obligation bonds outstanding which are similarly secured by tax levies, which are payable on a parity basis with the Bonds. See "SECURITY FOR THE BONDS."

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity under certain circumstances, as described herein. See "THE BONDS – Optional Redemption" and "- Mandatory Sinking Fund Redemption."

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

Payments. The 2008 Series C Bonds are being issued as Capital Appreciation Bonds, as described herein. The 2012 Series D Bonds are being issued as Current Interest Bonds. Interest with respect to the Current Interest Bonds accrues from the date of delivery and is payable at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. The Capital Appreciation Bonds are dated the date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2020. Payments of principal of (or Maturity Value), and interest on the Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. The Bonds will be issued in denominations of $5,000 principal amount (or Maturity Value in the case of Capital Appreciation Bonds) or any integral multiple thereof. See "THE BONDS - Description of the Bonds."

Bond Insurance. The scheduled payment of principal of (or, in the case of the Capital Appreciation Bonds, accreted value) 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.

BAM
BUILD AMERICA MUTUAL

MATURITY SCHEDULE
(see inside front cover)

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 accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about October 16, 2019.

RAYMOND JAMES®

The date of this Official Statement is October 3, 2019.

MATURITY SCHEDULES

Base CUSIP†: 535545

LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2008, Series 2019C

$3,217,145.10 Denominational Amount
($6,565,000 Maturity Value)

Maturity Date (August 1)	Initial Principal Amount	Reoffering Yield To Maturity	Maturity Value	CUSIP†
2039	$534,362.40	3.140%	$990,000	GQ4
2040	535,589.70	3.170	1,030,000	GR2
2041	535,706.20	3.200	1,070,000	GS0
2042	537,162.40	3.230	1,115,000	GT8
2043	535,123.05	3.260	1,155,000	GU5
2044	539,201.35	3.270	1,205,000	GV3

LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2012, Series 2019D

$565,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2024	$25,000	3.000%	1.400%	107.388	GG6
2025	25,000	3.000	1.460	108.521	GH4
2026	25,000	3.000	1.540	109.379	GJ0
2027	35,000	3.000	1.620	110.061	GK7
2028	45,000	3.000	1.770	108.913 C	GL5

$105,000 - 3.000% Term Bonds due August 1, 2030; Yield: 2.070%; Price: 106.658C; CUSIP†: GM3

$135,000 - 3.000% Term Bonds due August 1, 2032; Yield: 2.360%; Price: 104.528 C; CUSIP†: GN1

$170,000 - 3.000% Term Bonds due August 1, 2034; Yield: 2.490%; Price: 103.589 C; CUSIP†: GP6

C Priced to first optional par call date of August 1, 2027.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Municipal Bond Insurance. 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 I - Specimen Municipal Bond Insurance Policy".

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.

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

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

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

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

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

LINDSAY UNIFIED SCHOOL DISTRICT
COUNTY OF TULARE
STATE OF CALIFORNIA

DISTRICT BOARD OF EDUCATION

DISTRICT ADMINISTRATION

Thomas Rooney, *Superintendent*
Grant Schimelpfening, *Chief Business Official*

BOND and DISCLOSURE COUNSEL
Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR
CFW Advisory Services, LLC
Emeryville, California

UNDERWRITER'S COUNSEL
Kutak Rock LLP
Irvine, California

PAYING AGENT, TRANSFER AGENT and BOND REGISTRAR
U.S. Bank National Association
Los Angeles, California

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$3,217,145.10	**$565,000**
LINDSAY UNIFIED SCHOOL DISTRICT	**LINDSAY UNIFIED SCHOOL DISTRICT**
(Tulare County, California)	**(Tulare County, California)**
General Obligation Bonds	**General Obligation Bonds**
Election of 2008, Series 2019C	**Election of 2012, Series 2019D**
(Bank Qualified)	**(Bank Qualified)**

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Lindsay Unified School District (the "**District**") of its Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified) (the "**2008 Series C Bonds**"), and its Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified) (the "**2012 Series D Bonds**" and, together with the 2008 Series C Bonds, the "**Bonds**").

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

The District. The District was established in 1890 and is located in the central portion of Tulare County (the "**County**"). The District currently operates six K-8 elementary schools, one high school, one continuation school, one community day school, and a charter independent study school. The District's area equals approximately 43 square miles serving approximately 4,117 students. For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C for demographic and other statistical information regarding the City and the County.

Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable from *ad valorem* taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

Purpose of Issue. The proceeds of the Bonds will be used by the District to finance the renovation, modernization and construction of certain facilities of the District and to pay certain costs of issuance. See "THE FINANCING PLAN – Purpose of Issue."

Description of the Bonds. The 2008 Series C Bonds are being issued capital appreciation bonds (the "**Capital Appreciation Bonds**"). The 2012 Series D Bonds are being issued as current interest bonds (the "**Current Interest Bonds**").

Interest with respect to the Current Interest Bonds accrues from the date of delivery and is payable at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2020. The Capital Appreciation Bonds are dated the date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2020. See "THE BONDS – Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described in "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption" herein.

Payment and Registration of the Bonds. The Bonds will be dated their date of delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 (or Maturity Value in the case of Capital Appreciation Bonds) or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover page hereof. See "THE BONDS." The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX E - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel ("**Bond Counsel**"), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District ("**Disclosure Counsel**"). Kutak Rock LLP, Irvine, California is serving as counsel to the Underwriter ("**Underwriter's Counsel**"). Payment of the fees of Bond Counsel, Disclosure Counsel, Underwriter's Counsel and the Paying Agent is contingent upon issuance of the Bonds. See "APPENDIX D – Form of Opinion of Bond Counsel."

Tax Matters; Bank Qualification. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes. The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, which provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to tax-exempt interest. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

Authority for Issuance of the Bonds. Issuance of the 2008 Series C Bonds was approved by more than 55% of the voters of the District voting in an election held on February 5, 2008 (the "**2008 Bond Election**") and will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the "**Bond Law**"), and pursuant to a resolution adopted by the Board of Education of the District adopted on September 23, 2019 (the "**Series C Bond Resolution**"). Issuance of the 2012 Series D Bonds was approved by more than 55% of the voters of the District voting in an election held on November 6, 2012 (the "**2012 Bond Election**") and will be issued pursuant the Bond Law and pursuant to a resolution adopted by the Board of Education of the District adopted on September 23, 2019 (the "**Series D Bond Resolution**").

See "THE BONDS - Authority for Issuance" herein.

Offering and Delivery of the Bonds. The Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to the legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 16, 2019.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection with the Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CERTAIN LEGAL MATTERS - Continuing Disclosure."

Bond Insurance. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the Bonds. The Policy guarantees the scheduled payment of principal of (or, in the case of the Capital Appreciation Bonds, accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and "APPENDIX I – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent of the District, Lindsay Unified School District, 371 East Hermosa Street, Lindsay, California 93247; Telephone (559) 562-5111. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which 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 which are believed to be reliable but it 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.

END OF INTRODUCTION

THE FINANCING PLAN

Authority for Issuance

2008 Series C Bonds. The 2008 Series C Bonds will be issued under the provisions of the Bond Law and under the 2008 Series C Bond Resolution. The District received authorization at the 2008 Bond Election to issue general obligation bonds in a principal amount of $20,700,000 (the "**2008 Authorization**"). The ballot measure approved by the District's voters at the 2008 Bond Election appeared on the ballot in abbreviated form as follows:

> *"To reduce overcrowding, and leverage approximately $29,000,000 in State funds to complete a new high school and elementary school, shall the Lindsay Unified School District be authorized to acquire, improve or build a new high school library, gymnasium, athletic and vocational education facilities, and an elementary cafeteria / multipurpose room by issuing up to $20,700,000 in bonds at legal interest rates, with a citizens' oversight committee, annual audits, and no money for salaries?*

The District previously issued its $6,614,211.95 original principal amount of General Obligation Bonds, Election of 2008, Series 2008A (the "**2008 Series A Bonds**") and its $1,189,679.45 original principal amount of General Obligation Bonds, Election of 2008, Series 2008B (the "**2008 Series B Bonds**") in December 2008. The 2008 Series C Bonds represent the third series of general obligation bonds issued pursuant to the 2008 Authorization. Following the issuance of the 2008 Series C Bonds, the District will have $9,678,963.50 of remaining 2008 Authorization.

2012 Series D Bonds. The 2012 Series D Bonds will be issued under the provisions of the Bond Law and under the Series D Bond Resolution. The District received authorization at the 2012 Bond Election to issue general obligation bonds in a principal amount of $16,000,000 (the "**2012 Authorization**"). The ballot measure approved by the District's voters at the 2012 Bond Election appeared on the ballot in abbreviated form as follows:

> *"To modernize, construct, and improve classrooms and student support facilities at our older schools and ensure comparable classrooms for all students throughout the District, increase student access to computers and modern classroom technology, provide the local match for State grants, and reduce utility operating costs, shall the Lindsay Unified School District be authorized to issue up to $16,000,000 in bonds at legal interest rates, with an independent Citizens' Oversight Committee, annual audits, and no money for administrator salaries?"*

The District previously issued its $5,185,000 original principal amount of General Obligation Bonds, Election of 2012, Series 2013 A (the "**2012 Series A Bonds**") in June 2013, its $1,500,000 original principal amount of General Obligation Bonds, Election of 2012, Series 2014 B (the "**2012 Series B Bonds**") and its $2,000,000 original principal amount of General Obligation Bonds, Election of 2012, Series 2017C (the "**2012 Series C Bonds**"). The 2012 Series D Bonds represent the fourth series of general obligation bonds issued pursuant to the 2012 Authorization. Following the issuance of the 2012 Series D Bonds, the District will have $6,750,000 of remaining 2012 Authorization.

Purpose of Issue

The proceeds of the 2008 Series C Bonds will be used by the District to finance the renovation, modernization and construction of certain facilities of the District as approved by the voters at the 2008 Election, and to pay certain costs of issuance for the 2008 Series C Bonds. The proceeds of the 2012 Series D Bonds will be used by the District to finance the renovation, modernization and construction of certain facilities of the District as approved by the voters at the 2012 Election, and to pay certain costs of issuance for the 2012 Series D Bonds.

SOURCES AND USES OF FUNDS

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

Sources of Funds	2008 Series C Bonds	2012 Series D Bonds
Principal Amount of Bonds	$3,217,145.10	$565,000.00
Plus: Original Issue Premium	--	33,059.20
Total Sources	$3,217,145.10	$598,059.20
Uses of Funds		
Deposit to Building Fund	$3,015,515.57	$535,122.78
Deposit to Debt Service Fund	--	28,149.14
Costs of Issuance [(1)]	201,629.53	34,787.28
Total Uses	$3,217,145.10	$598,059.20

(1) Costs of Issuance include legal fees, financial advisory fees, printing costs, Underwriter's discount, rating agency fees, bond insurance premium and other miscellaneous costs and expenses of issuing the Bonds.

THE BONDS

Description of the Bonds

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

Current Interest Bonds. The Current Interest Bonds will be dated their date of delivery (the "**Dated Date**"), and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Current Interest Bonds will mature on August 1 in the years indicated on the inside cover page hereof. Interest with respect to the Current Interest Bonds accrues from their Dated Date, and is payable semiannually on February 1 and August 1 of each year (each, an "**Interest Payment Date**"), commencing February 1, 2020. Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2020, in which event it shall bear interest from the date of original delivery; *provided, however*, that if at the time of authentication of a Current Interest Bond, interest is in default thereon, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the Current Interest Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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

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

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

Accreted Values attached to such Capital Appreciation Bond. See "APPENDIX H – Accreted Value Tables."

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

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

Book-Entry Only System

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

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

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

Optional Redemption

The Bonds maturing on or before August 1, 2027 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2028 are subject to redemption prior to their respective maturity dates, at the option of the District, on such basis as designated by the District and by lot within a maturity, in each case on any date on and after August 1, 2027, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

For the purpose of selection for redemption, Bonds will be deemed to consist of $5,000 portions (principal amount or Maturity Value, as applicable), and any such portion may be separately redeemed. 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 deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of $5,000 portions (principal amount or Maturity Value, as applicable). The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption

The 2012 Series D Bonds maturing on August 1, 2030, August 1, 2032, and August 1, 2034 (collectively, the "**Term Bonds**") are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below, respectively. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bond Maturing August 1, 2030

Redemption Date (August 1)	Sinking Fund Redemption
2029	$50,000
2030 (maturity)	55,000

Term Bond Maturing August 1, 2032

Redemption Date (August 1)	Sinking Fund Redemption
2031	$65,000
2032 (maturity)	70,000

Term Bond Maturing August 1, 2034

Redemption Date (August 1)	Sinking Fund Redemption
2033	$80,000
2034 (maturity)	90,000

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

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books. Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

Partial Redemption of Bonds

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

Right to Rescind Notice of Redemption

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

Registration, Transfer and Exchange of Bonds

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

If the book entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided the Bond Resolution.

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

Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

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

Defeasance

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

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

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

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

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

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

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

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

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

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DEBT SERVICE SCHEDULES

The 2008 Series C Bonds. The following table shows the debt service schedule with respect to the 2008 Series C Bonds and the 2012 Series D Bonds (assuming no optional redemptions).

LINDSAY UNIFIED SCHOOL DISTRICT
Debt Service Schedule
General Obligation Bonds
Election of 2008, Series 2019C

Date (August 1)	Denominational Amount	Accreted Interest	Total
2039	$534,362.40	$455,637.60	$990,000
2040	535,589.70	494,410.30	1,030,000
2041	535,706.20	534,293.80	1,070,000
2042	537,162.40	577,837.60	1,115,000
2043	535,123.05	619,876.95	1,155,000
2044	539,201.35	665,798.65	1,205,000
Total	$3,217,145.10	$3,347,854.90	$6,565,000

The 2012 Series D Bonds. The following table shows the debt service schedule with respect to the 2012 Series D Bonds (assuming no optional redemptions).

LINDSAY UNIFIED SCHOOL DISTRICT
Debt Service Schedule
General Obligation Bonds
Election of 2012, Series 2019D

Bond Year Ending August 1	2012 Series D Bonds Principal	2012 Series D Bonds Interest	Total Debt Service
2020	--	$13,418.75	$13,418.75
2021	--	16,950.00	16,950.00
2022	--	16,950.00	16,950.00
2023	--	16,950.00	16,950.00
2024	$25,000.00	16,950.00	41,950.00
2025	25,000.00	16,200.00	41,200.00
2026	25,000.00	15,450.00	40,450.00
2027	35,000.00	14,700.00	49,700.00
2028	45,000.00	13,650.00	58,650.00
2029	50,000.00	12,300.00	62,300.00
2030	55,000.00	10,800.00	65,800.00
2031	65,000.00	9,150.00	74,150.00
2032	70,000.00	7,200.00	77,200.00
2033	80,000.00	5,100.00	85,100.00
2034	90,000.00	2,700.00	92,700.00
Total	$565,000.00	$188,468.75	$753,468.75

Combined General Obligation Bonds Debt Service Schedule. The District has outstanding the following series of general obligation bonds as of September 1, 2019:

- $4,307,776.30 General Obligation Bonds, Election of 2002, Series 2002A, currently outstanding in the aggregate principal amount of $432,776.30 (excluding accreted interest) (the "**2002 Series A Bonds**"),

- $759,998.15 General Obligation Bonds, Election of 2002, Series 2007B currently outstanding in the aggregate principal amount of $210,000 (the "**2002 Series B Bonds**"),

- $2,132,222.55 General Obligation Bonds, Election of 2002, Series 2007C currently outstanding in the aggregate principal amount of $2,132,222.55 (excluding accreted interest) (the "**2002 Series C Bonds**"),

- $6,614,211.95 General Obligation Bonds, Election of 2008, Series 2008A, currently outstanding in the aggregate principal amount of $792,318.90 (not including accreted interest) (the "**2008 Series A Bonds**"),

- $1,189,679.45 General Obligation Bonds, Election of 2008, Series 2008B, currently outstanding in the aggregate principal amount of $1,189,679.45 (not including accreted interest) (the "**2008 Series B Bonds**"),

- $2,990,000 2011 General Obligation Refunding Bonds, currently outstanding in the aggregate principal amount of $910,000 (the "**2011 Refunding Bonds**"), which 2011 Refunding Bonds refunded a portion of the 2002A Bonds,

- $5,185,000 General Obligation Bonds, Election of 2012, Series 2013 A, currently outstanding in the aggregate principal amount of $5,185,000 (the "**2012 Series A Bonds**"),

- $1,500,000 General Obligation Bonds, Election of 2012, Series 2014 B, currently outstanding in the aggregate principal amount of $1,140,000 (the "**2012 Series B Bonds**"), and

- $4,855,000 2015 General Obligation Refunding Bonds, currently outstanding in the aggregate principal amount of $4,610,000 (the "**2015 Refunding Bonds**"), which 2015 Refunding Bonds refunded a portion of the 2008A Bonds.

- $2,000,000 General Obligation Bonds, Election of 2012, Series 2017C, currently outstanding in the aggregate principal amount of $2,000,000 (the "**2012 Series C Bonds**").

Combined Debt Service Schedule. The following table shows the combined debt service schedule with respect to the District's outstanding general obligation bonds listed above together with debt service on the Bonds (assuming no optional redemption of any such bonds).

LINDSAY UNIFIED SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule

Bond Year Ending (Aug. 1)	2002 Series A Bonds	2002 Series C Bonds	2008 Series A Bonds	2008 Series B Bonds	2011 Refunding Bonds	2012 Series A Bonds	2012 Series B Bonds	2015 Refunding Bonds	2012 Series C Bonds	2008 Series C Bonds	2012 Series D Bonds	Aggregate Debt Service
2020	--	--	$395,000.00	--	$462,300.00	$248,137.50	$58,931.26	$222,750.00	$78,562.50	--	$13,418.75.00	$ 1,465,681.26
2021	--	--	425,000.00	--	489,250.00	247,387.50	63,731.26	221,550.00	78,562.50	--	16,950.00.00	1,525,481.26
2022	$540,000.00	--	455,000.00	--	--	256,637.50	68,431.26	220,350.00	78,562.50	--	16,950.00.00	1,618,981.26
2023	570,000.00	--	490,000.00	--	--	265,587.50	72,981.26	224,150.00	78,562.50	--	16,950.00.00	1,701,281.26
2024	605,000.00	--	525,000.00	--	--	274,237.50	72,356.26	222,800.00	78,562.50	--	41,950.00.00	1,777,956.26
2025	640,000.00	--	557,527.00	--	--	287,587.50	76,700.00	221,000.00	78,562.50	--	41,200.00.00	1,861,377.00
2026	675,000.00	--	597,173.00	--	--	300,487.50	80,800.00	224,200.00	78,562.50	--	40,450.00.00	1,956,223.00
2027	355,000.00	$315,000.00	634,892.00	--	--	312,831.26	79,750.00	222,200.00	78,562.50	--	49,700.00.00	1,998,235.76
2028	--	675,000.00	675,000.00	--	--	324,581.26	83,656.26	220,200.00	78,562.50	--	58,650.00.00	2,057,000.02
2029	--	710,000.00	--	--	--	335,700.00	87,356.26	863,200.00	78,562.50	--	62,300.00.00	2,074,818.76
2030	--	740,000.00	--	--	--	351,150.00	90,837.50	905,400.00	78,562.50	--	65,800.00.00	2,165,950.00
2031	--	770,000.00	--	--	--	365,900.00	93,212.50	944,800.00	78,562.50	--	74,150.00.00	2,252,475.00
2032	--	795,000.00	--	--	--	379,737.50	100,325.00	986,400.00	78,562.50	--	77,200.00.00	2,340,025.00
2033	--	825,000.00	--	--	--	392,850.00	106,912.50	1,040,000.00	78,562.50	--	85,100.00.00	2,443,325.00
2034	--	860,000.00	--	$1,210,000.00	--	409,450.00	107,975.00	--	78,562.50	--	92,700.00.00	2,665,987.50
2035	--	890,000.00	--	1,266,840.00	--	425,050.00	113,775.00	--	78,562.50	--	--	2,774,227.50
2036	--	415,000.00	--	1,325,000.00	--	444,650.00	119,050.00	--	78,562.50	--	--	2,382,262.50
2037	--	--	--	1,702,851.00	--	463,050.00	118,800.00	--	78,562.50	--	--	2,363,263.50
2038	--	--	--	1,780,000.00	--	480,250.00	124,600.00	--	78,562.50	--	--	2,463,412.50
2039	--	--	--	--	--	496,250.00	130,000.00	--	78,562.50	$990,000.00	--	1,694,812.50
2040	--	--	--	--	--	517,250.00	--	--	193,562.50	1,030,000.00	--	1,740,812.50
2041	--	--	--	--	--	541,250.00	--	--	189,681.26	1,070,000.00	--	1,800,931.26
2042	--	--	--	--	--	558,000.00	--	--	190,800.00	1,115,000.00	--	1,863,800.00
2043	--	--	--	--	--	582,750.00	--	--	191,000.00	1,155,000.00	--	1,928,750.00
2044	--	--	--	--	--	--	--	--	796,000.00	1,205,000.00	--	2,001,000.00
2045	--	--	--	--	--	--	--	--	821,600.00	--	--	821,600.00
2046	--	--	--	--	--	--	--	--	--	--	--	--
2047	--	--	--	--	--	--	--	--	--	--	--	--
2048	--	--	--	--	--	--	--	--	--	--	--	--
2049	--	--	--	--	--	--	--	--	--	--	--	--
2050	--	--	--	--	--	--	--	--	--	--	--	--
2051	--	--	--	--	--	--	--	--	--	--	--	--
2052	--	--	--	--	--	--	--	--	--	--	--	--
2053	--	--	--	--	--	--	--	--	--	--	--	--
2054	--	--	--	--	--	--	--	--	--	--	--	--
2055	--	--	--	--	--	--	--	--	--	--	--	--
2056	--	--	--	--	--	--	--	--	--	--	--	--
2057	--	--	--	--	--	--	--	--	--	--	--	--
2058	--	--	--	--	--	--	--	--	--	--	--	--
2059	--	--	--	--	--	--	--	--	--	--	--	--
Total	$3,385,000.00	$6,995,000.00	$4,754,592.00	$7,284,691.00	$951,550.00	$9,260,762.52	$1,850,181.32	$6,739,000.00	$3,953,893.76	$6,565,000.00	$753.468.75	$51,739,670.60

SECURITY FOR THE BONDS

Ad Valorem Taxes

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

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

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

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

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

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

Debt Service Funds

The County will establish the Debt Service Fund for each series of Bonds, which will be established as separate funds to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on a series of Bonds will be deposited in the applicable Debt Service Fund by the County promptly upon the receipt. Each Debt Service Fund is pledged for the payment of the principal of and interest and premium (if any) on the applicable series of Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on such Bonds as the same becomes due and payable.

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

Not a County Obligation

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

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property that is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

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

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

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

Taxation of State-Assessed Utility Property

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

Assessed Valuation

Historic Assessed Valuations. The assessed valuation of property in the District is established by the Tulare County Assessor, except for public utility property which is assessed by the SBE. Assessed valuations are reported at 100 percent of the "full value" of the property, as defined in Article XIIIA of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25 percent of the full value of property. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Assessed Valuation History. Property within the District had a net taxable assessed valuation for fiscal year 2019-20 of $839,188,939 (after deduction of the homeowners' exemption). Shown in the following table are current and historical assessed valuations for the District.

LINDSAY UNIFIED SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2010-11 to 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2010-11	569,581,271	585,634	50,518,333	620,685,238	--
2011-12	584,960,297	585,634	50,310,357	635,856,288	2.44%
2012-13	586,958,318	585,634	50,628,029	638,171,981	0.36
2013-14	586,117,090	766,872	54,012,651	640,896,613	0.43
2014-15	601,920,032	766,872	55,990,141	658,677,045	2.77
2015-16	638,734,015	766,872	61,944,693	701,445,580	6.49
2016-17	665,011,368	766,872	59,373,326	725,151,566	3.38
2017-18	693,659,676	905,263	64,603,492	759,168,431	4.69
2018-19	723,580,633	905,263	63,929,227	788,415,123	3.85
2019-20	767,648,694	905,263	70,634,982	839,188,939	6.44

Source: California Municipal Statistics, Inc.

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

LINDSAY UNIFIED SCHOOL DISTRICT
2019-20 Assessed Valuation and Parcels by Land Use

Non-Residential:	2019-20 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$171,528,962	22.34%	886	16.93%
Commercial	57,623,995	7.51	224	4.28
Vacant Commercial	5,024,957	0.65	48	0.92
Industrial	57,433,500	7.48	337	6.44
Vacant Industrial	1,874,071	0.24	30	0.57
Government/Social/Institutional	5,520,463	0.72	36	0.69
Miscellaneous	1,061,183	0.14	40	0.76
Subtotal Non-Residential	$300,067,131	39.09%	1,601	30.59%
Residential:				
Single Family Residence	$416,308,817	54.23%	3,117	59.55%
Condominium	2,695,755	0.35	19	0.36
Mobile Home	6,581,908	0.86	159	3.04
Mobile Home Park	6,841,168	0.89	9	0.17
2-4 Residential Units	12,490,033	1.63	94	1.80
5+ Residential Units/Apartments	12,795,307	1.67	38	0.73
Vacant Residential	9,868,575	1.29	197	3.76
Subtotal Residential	$467,581,563	60.91%	3,633	69.41%
Total	$767,648,694	100.00%	5,234	100.00%

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

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area (TRA 108-3) during fiscal years 2014-15 through 2018-19.

LINDSAY UNIFIED SCHOOL DISTRICT
Typical Tax Rates- (TRA 108-3)(1)
Dollars per $100 of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
College of Sequoias Tulare SFID	.0250	.0200	.0172	.0243	.0216
Lindsay Unified School District	.1878	.1878	.1167	.1399	.1249
Total Tax Rate	$1.2128	$1.2078	$1.1339	$1.1642	$1.1465

(1) 2018-19 assessed valuation of $788,415,123.
Source: California Municipal Statistics, Inc.

Reassessments and Appeals of Assessed Value

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

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

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

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

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

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

Property Tax Collections

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

Termination of Teeter Plan. From June 1993 through June 2009, the County and its political subdivisions operated under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. In order to address cash flow issues and other financial matters, effective July 1, 2009, the Board of Supervisors of the County ordered the discontinuance of the Teeter Plan. As a result, the amount of the levy of *ad valorem* taxes in the District depends upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels in the District. So long as the Teeter Plan is no longer in effect with respect to the District, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will be dependent upon actual collections of *ad valorem* property taxes by the County.

The following table shows tax charges, collections and delinquencies for secured property in the District. Because the County does not participate in the Teeter Plan, secured property taxes actually collected are allocated to political subdivisions for which the County acts as tax-levying or tax-collecting agency, including the District, when the secured property taxes were actually collected.

LINDSAY UNIFIED SCHOOL DISTRICT
2010-11 through 2018-19
Secured Tax Charges and Delinquency Rates

Fiscal Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2010-11	$1,410,619	$76,633	5.43%
2011-12	1,419,975	48,302	3.40
2012-13	1,323,935	40,833	3.08
2013-14	1,346,662	30,451	2.26
2014-15	1,379,686	35,102	2.54
2015-16	1,432,014	32,804	2.29
2016-17	1,450,005	35,684	2.46
2017-18	1,520,571	32,465	2.14
2018-19	1,586,584	33,437	2.11

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds.
Reflects countywide delinquency rate.
Source: California Municipal Statistics, Inc.

Largest Property Owners

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

LINDSAY UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total (1)
1.	Vita-Pakt Citrus Products Co. Inc.	Industrial	$ 21,403,151	2.79%
2.	ACMII California 5 LLC	Industrial	16,816,522	2.19
3.	Olivewood Plaza Two LLC	Shopping Center	11,492,609	1.50
4.	Limoneira Company	Agricultural	7,741,811	1.01
5.	Porterville Citrus Inc.	Industrial	6,170,850	0.80
6.	Tulare County Property LLC	Rest Home	5,121,006	0.67
7.	Lindsay Mission Estates LLC	Residential Development	5,086,315	0.66
8.	Lansco Properties Inc.	Industrial	4,801,809	0.63
9.	J & M Novakovich LLC	Mobile Home Park	4,364,318	0.57
10.	ACMPC California 3 LLC	Industrial	4,306,668	0.56
11.	Sierra Citrus Association	Industrial	3,580,780	0.47
12.	Harvest Investment Co.	Industrial	3,376,241	0.44
13.	Marlis K. Brownfield	Agricultural	3,222,136	0.42
14.	Donald C. McCarthy LP	Agricultural	3,127,897	0.41
15.	Bret M. & Linda S, Bastrire	Agricultural	3,045,330	0.40
16.	Pacheco & Fagundes	Dairy	3,039,396	0.40
17.	Mehrten Creek Ranch Co.	Agricultural	2,867,585	0.37
18.	Champion Home Builders Co.	Industrial	2,779,878	0.36
19.	Guy A. & Joanie E Wollenman	Agricultural	2,623,883	0.34
20.	Norman D. Cary	Industrial	2,552,624	0.33
			$117,520,809	15.31%

(1) 2019-20 Local Secured Assessed Valuation: $767,648,694.
Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. with respect to debt issued as of September 1, 2019. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

LINDSAY UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
September 1, 2019

2019-20 Assessed Valuation: $839,188,939

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/19	
College of the Sequoias Tulare School Facilities Improvement District	8.653%	$ 2,705,813	
Lindsay Unified School District	**100.000**	**19,121,573**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$21,827,386	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Tulare County Certificates of Participation	2.283%	$ 710,127	
Tulare County Pension Obligation Bonds	2.283	5,527,485	
Tulare County Office of Education Certificates of Participation	2.283	773,595	
College of Sequoias Certificates of Participation	2.471	123,916	
Lindsay Unified School District Certificates of Participation	**100.000**	**1,690,000**	
City of Lindsay General Fund Obligations	100.000	1,220,000	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$10,045,123	
OVERLAPPING TAX INCREMENT DEBT:			
Lindsay Redevelopment Agency (Successor Agency)	95.513%	$10,931,463	
TOTAL OVERLAPPING TAX INCREMENT DEBT		$10,931,463	
COMBINED TOTAL DEBT		$42,803,972	(2)

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($19,121,573).. 2.28%
Total Direct and Overlapping Tax and Assessment Debt...... 2.60%
Combined Direct Debt ($20,811,573) 2.48%
Combined Total Debt... 5.10%

Ratios to Adjusted Assessed Valuation ($271,781,775):
Total Overlapping Tax Increment Debt................................ 4.02%

(1) Excludes Bonds to be sold; includes Prior Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

*The following information has been furnished by Build America Mutual Assurance Company ("**BAM**") for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to Appendix I for a specimen of BAM's policy.*

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of or, in the case of Capital Appreciation Bonds, accreted value) 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 June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $525 million, $114 million and $411 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 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".

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/creditinsights/. (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.

TAX MATTERS

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

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

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

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

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

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

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

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

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

CERTAIN LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing March 31, 2020, with the report for the 2018-19 Fiscal Year (the "**Annual Report**") and notices of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**"). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**").

The District has previously entered into continuing disclosure undertakings in connection with its previously issued bonds. A review of the District's compliance with its previous continuing disclosure undertakings in the previous five years indicates that information regarding the District's LCFF per ADA was not included in the District's annual reports for Fiscal Years 2014-2018 filed for the 2012 Series A Bonds and 2012 Series B Bonds. Remedial filings have been made to EMMA. The District has adopted policies and procedures, instituted periodic training regarding continuing disclosure compliance and designated an officer of the District responsible for ensuring future compliance with such policies and procedures and responsible for implementing such training.

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.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies, which provide coverage under certain circumstances and with respect to certain types of incidents. There currently are no claims or actions pending which could have a material adverse affect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") is expected to assign its rating of "AA" to the Bonds, based on the understanding that BAM will deliver its Policy with respect to the Bonds. In addition, S&P has assigned its underlying rating of "A+" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). Such ratings reflect only the view of S&P, and explanations of the significance of such ratings may be obtained only from S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the 2008 Series C Bonds at a price of $3,195,879.75 (which is equal to the initial principal amount of the 2008 Series C Bonds, less Underwriter's discount of $21,26.35).

The Underwriter has agreed to purchase the 2012 Series D Bonds at a price of $594,324.55 (which is equal to the initial principal amount of the 2012 Series D Bonds, plus original issue premium of $33,059.00, less Underwriter's discount of $3,734.65). The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

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

ADDITIONAL INFORMATION

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

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

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

EXECUTION

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

LINDSAY UNIFIED SCHOOL DISTRICT

By: * /s/ Thomas Rooney *
Superintendent

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APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

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

General Information

The District was established in 1890 and is located in the central portion of Tulare County (the "**County**"). The District currently operates six K-8 elementary schools, one high school, one continuation school, one community day school, and a charter independent study school. The District's area equals approximately 43 square miles serving approximately 4,121 students.

Administration

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

Name	Office	Term Expires
Vahnn Blue	President	November 2022
Jean Miller	Clerk	November 2022
Alex Flores	Member	November 2022
Robert Hurtado	Clerk	November 2022
Perla Soria	Member	November 2020

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Short educational professional backgrounds of the Superintendent and the District's Director of Business Services are set forth below.

Thomas Rooney, Superintendent. Thomas Rooney is currently serving as Superintendent. Prior to his position as Superintendent, he served as the Assistant Superintendent, Curriculum & Instruction where he was instrumental in implementing the Performance Based System in grades K-12. His previous experience includes serving as a teacher, Assistant Principal and Principal at the elementary level. Mr. Rooney is highly knowledgeable about research-based instructional practices, and is a key leader involved in work related to the development, evaluation and modification of all aspects of the Performance Based System in Lindsay Unified. He maintains a strong track record of successful and committed leadership at the site and district levels focused on serving the learners and families of the Lindsay community.

Grant Schimelpfening, Chief Business Official. Grant Schimelpfening joined the District as Chief Business Official in 2013. Prior to joining the District, he was the Senior Director, Financial Services for the Modesto City Schools for one and one-half years, and Chief Business Officer of Farmersville Unified School District for seven years. Mr. Schimelpfening has 11 years of experience in the education business field in California. Mr. Schimelpfening received a B.A. in Business Administration from California State University, Northridge and a Masters in Business Administration from Pepperdine University. He maintains his Chief Business Official Certification with the California Association of School Business Officials (CASBO).

Recent Enrollment Trends

The following table shows enrollment history in the District for 2008-09 through 2018-19, with projected figures for 2019-20.

LINDSAY UNIFIED SCHOOL DISTRICT
ANNUAL ENROLLMENT
Fiscal Years 2008-09 through 2019-20

Fiscal Year	Student Enrollment	Percent Change
2008-09	4,045	--
2009-10	4,107	1.5%
2010-11	4,150	1.0
2011-12	4,168	0.4
2012-13	4,130	(0.9)
2013-14	4,176	1.1
2014-15	4,163	(0.3)
2015-16	4,237	1.8
2016-17	4,191	(1.1)
2017-18	4,111	(1.9)
2018-19	4,121	0.2
2019-20*	4,117	(0.1)

**Projection.*
Source: California Department of Education for 2008-09 through 2018-19; District for 2019-20.

Employee Relations

Two unions represent District employees. The following table identifies the number of employees covered and the current status of the contracts with the bargaining units.

LINDSAY UNIFIED SCHOOL DISTRICT
Employee Bargaining Groups

Bargaining Unit	Type and Number of Employees Covered	Current Contract Expiration Date
Lindsay Teachers Association	207.5	June 30, 2020
California School Employees Association	253.5	June 30, 2019*

** Negotiations are continuing; the District and CSEA operate pursuant to the terms of expired agreements until new terms are settled.*
Source: Lindsay Unified School District.

Joint Ventures (Joint Powers Agreements)

The District is a member of the Tulare County Schools' Insurance Authority ("**TCSIA**"), Tulare County Schools Insurance Group ("**TCSIG**"), and the Self-Insured Schools of California ("**SISC III**") Joint Powers Authority ("**JPA**"). The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. Payments for excess property and liability, insurance services are paid to the Schools' Excess Liability Fund JPA.

DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and, in the case of Capital Appreciation Bonds, accreted value of, or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

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

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

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

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

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

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

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

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

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

Fiscal Year 2018-19 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2018-19 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,193	$266	$776	$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

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

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

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

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

District Accounting Practices

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

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

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

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

District Accounting Practices

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

District accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30.

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

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Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Fresno, California, and are attached hereto as Appendix A. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent, 371 East Hermosa Street, Lindsay, California, 93247; telephone: (559) 562-5111. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District for the fiscal years 2013-14 through 2017-18.

LINDSAY UNIFIED SCHOOL DISTRICT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18 (Audited)
Lindsay Unified School District

	2013-14 Audited	**2014-15 Audited**	**2015-16 Audited**	**2016-17 Audited**	**2017-18 Audited**
Revenues					
LCFF revenues	$28,960,200	$33,295,136	$39,174,508	$42,001,647	$42,741,578
Federal revenue	8,008,957	9,229,188	10,741,775	8,841,151	11,546,552
Other State revenue	3,677,449	2,924,939	6,054,169	4,941,067	4,874,431
Other local revenue	3,050,232	3,070,233	4,437,457	6,023,367	3,882,926
Total Revenue	43,696,838	48,519,496	60,407,909	61,807,232	63,045,487
Expenditures					
Instruction	25,260,092	29,651,765	30,250,579	31,801,208	35,823,844
Instruction-related activities:					
Supervision of instruction	4,173,143	4,559,554	5,728,193	6,225,746	6,516,468
Instructional library and technology	324,765	353,462	379,861	382,347	518,035
School site administration	2,583,860	2,637,359	2,945,066	3,196,404	3,321,211
Pupil services:					
Home-to-school transportation	439,757	441,020	439,474	523,668	617,382
Food services	17,021	8,388	62,537	9,447	10,319
All other pupil services	2,173,973	2,945,081	4,012,162	4,376,825	4,371,475
Administration:					
Data processing services	478,544	715,486	863,763	723,237	689,990
Other general administration	1,995,605	2,038,135	2,187,999	2,299,342	2,614,395
Plant services	4,304,779	4,777,622	5,114,108	6,501,005	5,478,462
Facility acquisition and construction	1,420,807	1,131,326	1,022,252	3,048,654	2,534,665
Ancillary services	150,109	148,320	177,444	197,135	209,458
Community services	25,680	25,680	--	71,000	--
Other outgo	346,652	396,891	428,148	428,248	400,877
Enterprise services		13,540	494	164	2,130
Debt service: Principal	534,920	1,601,747	357,300	324,745	255,000
Debt service: Interest and other	171,723	259,921	113,213	104,535	52,907
Total Expenditures	44,401,430	51,705,297	54,082,593	60,213,740	63,416,618
Excess (deficiency) of revenues over (under) expenditures	(704,592)	(3,185,801)	6,325,316	1,593,492	(371,131)
Other Financing Sources (Uses)					
Operating transfers in	212,691	635,438	--	--	--
Operating transfers out	(273,312)	(3,350,000)	(3,140,123)	(87,955)	(92,428)
Total Other Financing Sources	(60,621)	(2,714,562)	(3,140,123)	(87,955)	(92,428)
Net change in fund balance	(765,213)	(5,900,363)	3,185,193	1,505,537	(463,559)
Beginning Balance	19,994,871	19,229,658	13,329,295	16,514,488	18,020,025
Ending Balance	$19,229,658	$13,329,295	$16,514,488	$18,020,025	$17,556,466

Source: District Audited Financial Reports.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Tulare County Superintendent of Schools (the **"County Superintendent"**).

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of 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 September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

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

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

District's Budget Approval/Disapproval and Certification History. The District has not received any qualified or negative certifications of its financial reports in the past five years, nor have any of its budgets been disapproved. The District received a positive certification on its most recent interim report, the 2nd Interim Report for Fiscal Year 2018-19.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 371 East Hermosa Street, Lindsay, California 93247; Telephone (559) 562-5111.

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District's General Fund. The following table shows the general fund figures for the District for fiscal year 2018-19 (estimated actuals) and 2019-20 (adopted budget).

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2018-19 (Estimated Actuals)
Fiscal Year 2019-20 (Adopted Budget) (1)
Lindsay Unified School District

Revenues	**Estimated Actuals 2018-19**	**Adopted Budget 2019-20**
LCFF Sources	$42,791,033	$45,809,540
Federal revenues	17,481,773	16,529,476
Other state revenues	4,621,906	3,439,056
Other local revenues	3,632,470	2,929,226
Total Revenues	68,527,182	68,707,298
Expenditures		
Certificated salaries	25,285,841	27,387,258
Classified salaries	9,481,359	9,505,519
Employee benefits	15,039,952	16,145,456
Books and supplies	4,923,785	3,011,543
Contract services & operating exp.	12,424,188	10,735,709
Capital outlay	1,996,117	1,232,507
Other outgo (excluding indirect costs)	791,662	840,414
Other outgo – transfers of indirect costs	(194,216)	(213,667)
Total expenditures	69,748,688	68,644,739
Excess of revenues over/(under) expenditures	(1,221,506)	62,559
Other financing sources (Uses)		
Operating transfers in	1,281,811	1,087,703
Operating transfers out	(1,000,000)	(1,400,000)
Total other financing sources (uses)	281,811	(312,297)
Net change in fund balance	(939,695)	(249,738)
Fund balance, July 1	17,737,755	16,798,060
Fund balance, June 30	$16,798,060	$16,548,322

(1) Totals may not add due to rounding.
Source: Lindsay Unified School District 2019-20 Adopted Budget.

District Reserves. In general, the State requires that the California school districts maintain the equivalent of 3% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had an unrestricted reserve in excess of the 3% minimum requirement.

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

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

Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target.

The following table set forth historical and projected ADA and LCFF funding in the District.

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 through 2019-20

Fiscal Year	Funded ADA	LCFF Revenue
2013-14	3,987	$28,960,200
2014-15	4,021	33,295,136
2015-16	4,051	39,174,508
2016-17	4,007	42,001,647
2017-18	3,944	42,741,579
2018-19*	3,964	45,679,703
2019-20**	3,945	46,831,862

* Estimated Actuals.
** Budgeted.

Unduplicated Pupil Count. The unduplicated count of the District's students which are low-income, English learners and/or foster youth is approximately 93% in fiscal year 2017-18 for purposes of determining supplemental and concentration grant funding under LCFF.

Revenue Sources

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

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

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

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

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

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

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

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

Other Local Revenues. In addition to local property taxes, the District receives additional local revenues from items such as interest earnings and other local sources, including a voter-approved parcel tax.

District Retirement Systems

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

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

STRS EMPLOYER CONTRIBUTIONS
Fiscal Years 2013-14 through 2019-20
Emery Unified School District

Fiscal Year	Amount
2013-14	$1,430,009
2014-15	1,594,135
2015-16	2,152,332
2016-17	2,753,024
2017-18	3,332,638
2018-19*	5,272,433
2019-20**	5,803,414

** Estimated Actuals*
*** Budgeted.*
Source: District Audited Financial Statements for fiscal years 2013-14 through 2017-19; District Adopted Budget for Fiscal Year 2018-19.

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

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

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

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

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

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

PERS EMPLOYER CONTRIBUTIONS
Fiscal Years 2013-14 through 2019-20
Emery Unified School District

Fiscal Year	Amount
2013-14	$927,762
2014-15	1,072,608
2015-16	1,198,828
2016-17	1,492,418
2017-18	1,699,848
2018-19*	1,535,137
2019-20**	1,834,103

** Estimated Actuals*
*** Budgeted.*
Source: District Audited Financial Statements for fiscal years 2013-14 through 2017-19; District Adopted Budget for Fiscal Year 2018-19.

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

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

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

Source: PERS.

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

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

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

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

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

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

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

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

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

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

Other Post-Employment Retirement Benefits

Plan Administration. The District's governing board administers the Postemployment Benefits Plan (the "**Plan**"). The Plan is a single-employer defined benefit plan that issued to provide postemployment benefits other than pensions ("**OPEB**") for eligible retirees and their spouses.

Plan Membership. At June 30, 2017, the Plan membership consisted of 15 inactive employees or beneficiaries currently receiving benefits payment and 283 active employees, for a total of 298 employees receiving benefits.

Benefits Provided. The Plan provides medical and dental benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District, the Lindsay Teach Association ("**LTA**"), the local California Service Employees Association ("**CSEA**"), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, LTA, CSEA, and the unrepresented groups. For fiscal year 2017-18, the District contributed $487,117 to the Plan, which was used to fund the OPEB trust.

Net OPEB Liability of the District. The District's net OPEB liability of $3,641,285 as measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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

CHANGES IN TOTAL OPEB LIABILITY
Lindsay Unified School District

	Total OPEB Liability
Balance at June 30, 2016	$6,745,553
Service Cost	289,275
Interest	394,384
Benefit payments	(350,066)
Net changes	333,593
Balance at June 30, 2018	$7,079,146

Source: Lindsay Unified School District Audit Report.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 9 of APPENDIX B to the Official Statement.

Long-Term Debt

A summary of the changes in the District's long-term obligations during fiscal year 2017-18, follows:

Lindsay Unified School District
Long-Term Debt

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due in One Year
General Obligation Bonds	$26,464,449	$794,279	$765,000	$26,493,728	$875,000
Bond premium	1,135,556	-	62,813	1,072,743	-
Qualified Zone Academy Bonds	3,705,000	-	255,000	3,450,000	1,760,000
Compensated Absences – net	137,350	-	414	136,936	-
Capital Leases	38,982	-	19,493	19,489	19,493
Total	$31,481,337	$794,279	$1,102,720	$31,172,896	$2,654,493

Source: Districts' Audits; the Financial Advisor.

General Obligation Bonds. For a description of the outstanding general obligation bonds of the District, see "DEBT SERVICE SCHEDULES – Combined General Obligation Bonds Debt Service." General obligation bonds are payable from *ad valorem* taxes levied in the District.

QZABs. In December 2003, the District issued $1,500,000 in Qualified Zone Academy Bonds (the "2003 QZABs"). Interest is not payable on the 2003 QZABs, rather eligible holders of the QZABs are allowed an annual federal income tax credit equal to the credit rate times the face amount of the 2003 QZABs. Under the terms of the documents authorizing the 2003 QZABs, the District is required to make annual installments of $87,955 into an interest-bearing trust through 2018. The 2003 QZABs will be paid in a lump sum at maturity, December 23, 2018. The liability at June 30, 2018, was $1,500,000.

Capital Leases. The District has entered into agreements to lease various facilities and equipment. The District's minimum lease payments are as follows:

Year Ending 6/30	Lease Payment
2019	$19,489

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Tulare County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

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

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

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

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

***Prior Years' Budgeting Techniques**.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2019-20 State Budget

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

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

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

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

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

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

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

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

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

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

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

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

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

Disclaimer Regarding State Budgets. The implementation of the foregoing 2019-20 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

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

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

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

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

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

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

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

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

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

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

Proposition 39

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

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

Proposition 1A and Proposition 22

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

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

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

Proposition 30 and Proposition 55

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

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

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

California Senate Bill 222

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

Future Initiatives

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

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018

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LINDSAY UNIFIED SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

LINDSAY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Governing Board
Lindsay Unified School District
Lindsay, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the 2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

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

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, budgetary comparison schedule on page 69, schedule of changes in the District's net OPEB liability and related ratios on page 70, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 71, schedule of the District's proportionate share of the net pension liability on page 72, and the schedule of District contributions on page 73, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lindsay Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2018, on our consideration of the Lindsay 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lindsay 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 Lindsay Unified School District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lindsay Unified School District's (comprehensive) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018, with comparative information for the year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Lindsay Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) and deferred outflows, as well as all liabilities (including long-term obligations) and deferred inflows. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary.

The Governmental Funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The Fiduciary Funds are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Lindsay Unified School District.

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REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the Statement of Net Position and the Statement of Activities, we present the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for retiree benefits and associated student body activities. The District's fiduciary activities are reported in the Fiduciary Funds - Statement of Net Position. We exclude these funds from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $49.5 million for the fiscal year ended June 30, 2018, and $51.0 million for the fiscal year ended June 30, 2017. Of this amount, $8.2 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities for the past two fiscal years.

Table 1

(Amounts in millions)	Governmental Activities 2018	2017, as restated	Difference
Assets			
Current and other assets	$ 28.2	$ 27.5	$ 0.7
Capital assets	101.0	100.6	0.4
Total Assets	129.2	128.1	1.1
Deferred Outflows of Resources	19.4	12.4	7.0
Liabilities			
Current liabilities	4.0	3.4	0.6
Long-term obligations	35.1	35.6	(0.5)
Net pension liability	57.9	49.0	8.9
Total Liabilities	97.0	88.0	9.0
Deferred Inflows of Resources	2.1	1.5	0.6
Net Position			
Net investment in capital assets	70.0	69.2	0.8
Restricted	8.2	8.9	(0.7)
Unrestricted	(28.7)	(27.1)	(1.6)
Total Net Position	$ 49.5	$ 51.0	$ (1.5)

The $49.5 million in net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by $1.5 million.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the past two years along with the variance between the two fiscal years.

Table 2

(Amounts in millions)	Governmental Activities		
	2018	2017	Difference
Revenues			
Program revenues:			
Charges for services	$ 0.9	$ 0.7	$ 0.2
Operating grants and contributions	22.4	17.9	4.5
Capital grants and contributions	0.1	-	0.1
General revenues:			
Federal and State aid not restricted	42.2	41.8	0.4
Property taxes	3.5	3.1	0.4
Other general revenues	2.3	4.9	(2.6)
Total Revenues	71.4	68.4	3.0
Expenses			
Instruction related	51.4	45.5	5.9
Pupil services	9.4	9.3	0.1
Administration	3.8	3.4	0.4
Plant services	6.2	6.9	(0.7)
Other	2.1	2.4	(0.3)
Total Expenses	72.9	67.5	5.4
Change in Net Position	$ (1.5)	$ 0.9	$ (2.4)

Governmental Activities

As reported in the Statement of Activities, the cost of all of our governmental activities this year was $72.9 million as compared to $67.5 million in the prior year. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $3.5 million because the cost was paid by those who benefited from the programs ($0.9 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($22.5 million). We paid for the remaining "public benefit" portion of our governmental activities with $42.2 million in Federal and State aid and $2.3 million in other revenues, like interest and general entitlements.

In Table 3, we have presented the net cost of each of the District's largest functions: instruction, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Dollar amounts in millions)	Net Cost of Services	
	2018	2017
Instruction	$ 35.0	$ 33.5
Pupil services	4.1	4.0
Administration	3.2	2.8
Plant services	6.0	6.8
All other services	1.1	1.9
Total	$ 49.4	$ 49.0

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $24.2 million, while the prior year reported a balance of $24.1 million, an increase of $0.1 million (Table 4).

Table 4

(Dollar amounts in millions)	Fund Balance		
	June 30, 2018	June 30, 2017	Variance
Major Governmental Funds			
General	$ 17.6	$ 18.0	$ (0.4)
Bond Interest and Redemption	3.3	3.1	0.2
Non-Major Governmental Funds - Total	3.3	3.0	0.3
Total	$ 24.2	$ 24.1	$ 0.1

The fund balance in the General Fund decreased by $0.4 million. While federal revenue in the General Fund increased due to the TSL grant, there was also a large decrease in local sources from the completion of the Gates and CZI grants leading to a net decrease in the Fund. The Bond Interest and Redemption Fund increased by $0.2 million as current tax revenues exceeded debt service requirements. The District's non-major funds increased by $0.3 million due primarily to the addition of the County School Facilities Fund.

General Fund Budgetary Highlights

During the school year, the District budget is revised to address unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on September 10, 2018. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report. In the schedule, actual General Fund activity has been updated to reflect the consolidation of the District's Special Reserve Special Revenue Fund as required by GAAP. Such a consolidation is not reflected in the General Fund budgets in this schedule to account for nearly $100 thousand in School Facilities Apportionments from the Office of Public School Construction (OPSC).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the District had $101.0 million in a broad range of capital assets (net of accumulated depreciation), including land, buildings, and furniture and equipment as compared to $100.6 million in the prior year. This amount represents a net increase (including additions and depreciation) of $0.4 million from last year.

Table 5

(Amounts in millions)	Governmental Activities		
	2018	2017	Difference
Land and construction in progress	$ 4.7	$ 11.9	$ (7.2)
Buildings and improvements	94.6	87.0	7.6
Equipment	1.7	1.7	-
Total	$ 101.0	$ 100.6	$ 0.4

Additions to capital assets included completion of the modernization of Jefferson Elementary classrooms into 21st Century Learning Environments, completion the remodel of the Kennedy Locker Room, completion of the Lindsay High School All-Weather Track, completion of a new CNG facility at the Bus Barn, as well as other upgrades throughout the District, and other facility and site improvements.

Several capital projects are in process for the 2018-2019 year, including the completion of lighting retrofits and other improvements. Capital additions are anticipated to be $1.5 million for the 2018-2019 year. More detailed information about our capital assets is disclosed in the Notes to Financial Statements.

Long-Term Obligations

At the end of this year, the District had $35.1 million in long-term obligations outstanding versus $35.6 million last year, a decrease of $0.5 million. Those obligations consisted of:

Table 6

(Amounts in millions)	Governmental Activities		
	2018	2017, as restated	Difference
General obligation bonds, including premiums	$ 27.6	$ 27.6	$ -
Qualified Zone Academy Bonds	3.4	3.7	(0.3)
Compensated absences	0.2	0.2	-
Capitalized lease obligations	- [1]	- [1]	-
Net other postemployment benefits	3.9	4.1	(0.2)
Total	$ 35.1	$ 35.6	$ (0.5)

[1] Amounts less than $50,000 rounded to zero.

The District's S&P insured bond rating as of the most recent bond issuance was "AA". We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

Net Pension Liability (NPL)

As of June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, which required the District to recognize its proportionate share of the unfunded pension obligation for CalSTRS and CalPERS. As of June 30, 2018, the District reported Deferred Outflows from pension activities of $18.3 million, Deferred Inflows from pension activities of $1.9 million, and a Net Pension Liability of $57.9 million. We present more detailed information regarding our net pension liability in the Notes to Financial Statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2017-2018 ARE NOTED BELOW:

Lindsay Unified School District has continued to implement the Performance Based System, with extensive professional development and "One-to-World" roll-out of devices for all learners in grades kindergarten through twelve. The District has also expanded the Community Wifi project with almost 100 percent of all learners connected to the Internet at school and at home. The District is working to transform education to meet the needs of the 21st Century. Lindsay Unified is recognized as a pace-setter for the rest of the nation for providing personalized mastery learning.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2018-2019 year, the District Board of Trustees and executive management used the following criteria:

The key assumptions in our revenue forecast are:

1. Local Control Funding Formula income per ADA will increase 3.7 percent.

2. Projected enrollment increase of twelve students.

3. Developer fee collections are based approximately on the number of new housing units to be constructed.

4. Federal income will be relatively flat.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Grant Schimelpfening, Chief Business Official, Lindsay Unified School District, 371 E. Hermosa, Lindsay, California, 93247.

LINDSAY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Deposits and investments	$ 23,299,555
Receivables	4,908,285
Stores inventories	26,683
Nondepreciable capital assets	4,667,342
Capital assets being depreciated	126,785,660
Accumulated depreciation	(30,443,888)
Total Assets	129,243,637
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	518,218
Deferred outflows of resources related to net other postemployment benefits (OPEB) liability	487,117
Deferred outflows of resources related to pensions	18,347,031
Total Deferred Outflows of Resources	19,352,366
LIABILITIES	
Accounts payable	3,668,284
Unearned revenue	333,062
Long-term obligations:	
Current portion of long-term obligations other than pensions	2,654,493
Noncurrent portion of long-term obligations other than pensions	32,471,306
Total Long-Term Obligations	35,125,799
Aggregate net pension liability	57,927,226
Total Liabilities	97,054,371
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net other postemployment benefits (OPEB) liability	135,895
Deferred inflows of resources related to pensions	1,941,172
Total Deferred Inflows of Resources	2,077,067
NET POSITION	
Net investment in capital assets	69,973,155
Restricted for:	
Debt service	3,324,222
Capital projects	1,661,411
Educational programs	1,701,157
Other activities	1,558,500
Unrestricted	(28,753,880)
Total Net Position	$ 49,464,565

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

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LINDSAY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	$ 40,052,474	$ 347,200	$ 11,153,986	$ 97,600
Instruction-related activities:				
Supervision of instruction	7,208,276	116,644	4,432,959	-
Instructional library, media, and technology	540,189	-	50,883	-
School site administration	3,572,912	2,077	132,768	-
Pupil services:				
Home-to-school transportation	1,339,918	-	-	-
Food services	3,448,401	68,483	3,308,114	-
All other pupil services	4,618,461	78,634	1,812,650	-
Administration:				
Data processing	810,774	-	-	-
All other administration	3,037,106	16,479	659,791	-
Plant services	6,156,480	20,105	131,356	-
Facility acquisition and construction	21,840	-	7,985	-
Ancillary services	219,312	-	-	-
Enterprise services	2,254	-	47	-
Interest on long-term obligations	1,456,264	-	-	-
Other outgo	400,877	266,987	745,602	-
Total Governmental Activities	$ 72,885,538	$ 916,609	$ 22,436,141	$ 97,600

General revenues and subventions:
- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Taxes levied for other specific purposes
- Federal and State aid not restricted to specific purposes
- Interest and investment earnings
- Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

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

Net (Expenses) Revenues and Changes in Net Position
Governmental Activities
$ (28,453,688)
(2,658,673)
(489,306)
(3,438,067)
(1,339,918)
(71,804)
(2,727,177)
(810,774)
(2,360,836)
(6,005,019)
(13,855)
(219,312)
(2,207)
(1,456,264)
611,712
(49,435,188)
1,968,429
1,500,352
226,907
42,176,058
41,666
2,020,645
47,934,057
(1,501,131)
50,965,696
$ 49,464,565

LINDSAY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	$ 16,996,787	$ 3,324,222	$ 2,978,546
Receivables	4,097,673	-	810,612
Due from other funds	358,157	-	17,590
Stores inventories	-	-	26,683
Total Assets	$ 21,452,617	$ 3,324,222	$ 3,833,431
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 3,580,862	$ -	$ 87,422
Due to other funds	17,590	-	358,157
Unearned revenue	297,699	-	35,363
Total Liabilities	3,896,151	-	480,942
Fund Balances:			
Nonspendable	7,000	-	26,683
Restricted	1,568,580	3,324,222	1,929,411
Assigned	-	-	1,396,395
Unassigned	15,980,886	-	-
Total Fund Balances	17,556,466	3,324,222	3,352,489
Total Liabilities and Fund Balances	$ 21,452,617	$ 3,324,222	$ 3,833,431

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

Total Governmental Funds
$ 23,299,555
4,908,285
375,747
26,683
$ 28,610,270
$ 3,668,284
375,747
333,062
4,377,093
33,683
6,822,213
1,396,395
15,980,886
24,233,177
$ 28,610,270

LINDSAY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds		$ 24,233,177
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 131,453,002	
Accumulated depreciation is	(30,443,888)	
Net Capital Assets		101,009,114
Deferred amounts on refunding (the difference between the reaquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.		518,218
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	5,032,486	
Net change in proportionate share of net pension liability	1,815,629	
Difference between projected and actual earnings on pension plan investments	695,007	
Differences between expected and actual experience in the measurement of the total pension liability.	859,695	
Changes of assumptions	9,944,214	
Total Deferred Outflows of Resources Related to Pensions		18,347,031
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(37,014)	
Difference between projected and actual earnings on pension plan investments	(1,007,687)	
Differences between expected and actual experience in the measurement of the total pension liability.	(659,926)	
Changes of assumptions	(236,545)	
Total Deferred Inflows of Resources Related to Pensions		(1,941,172)

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2018

Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of OPEB contributions subsequent to the measurement date.		$ 487,117
Deferred inflows of resources related to OPEB represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of the net difference between projected and actual earning on plan investments.		(135,895)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(57,927,226)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
General obligation bonds, including premiums	$ 27,566,471	
Qualified zone academy bonds	3,450,000	
Compensated absences	136,936	
Capital leases	19,489	
Net other postemployment benefits (OPEB) liability	3,952,903	
Total Long-Term Obligations		(35,125,799)
Total Net Position - Governmental Activities		$ 49,464,565

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

LINDSAY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Bond Interest and Redemption Fund
REVENUES		
Local Control Funding Formula	$ 42,741,578	$ -
Federal sources	11,546,552	-
Other State sources	4,874,431	13,870
Other local sources	3,882,926	1,522,350
Total Revenues	63,045,487	1,536,220
EXPENDITURES		
Current		
Instruction	35,823,844	-
Instruction-related activities:		
Supervision of instruction	6,516,468	-
Instructional library, media and technology	518,035	-
School site administration	3,321,211	-
Pupil services:		
Home-to-school transportation	617,382	-
Food services	10,319	-
All other pupil services	4,371,475	-
Administration:		
Data processing	689,990	-
All other administration	2,614,395	-
Plant services	5,478,462	-
Ancillary services	209,458	-
Other outgo	400,877	-
Enterprise services	2,130	-
Facility acquisition and construction	2,534,665	-
Debt service		
Principal	255,000	765,000
Interest and other	52,907	573,339
Total Expenditures	63,416,618	1,338,339
Excess (Deficiency) of Revenues Over Expenditures	(371,131)	197,881
Other Financing Sources (Uses)		
Transfers in	-	-
Transfers out	(92,428)	-
Net Financing Sources (Uses)	(92,428)	-
NET CHANGE IN FUND BALANCES	(463,559)	197,881
Fund Balance - Beginning	18,020,025	3,126,341
Fund Balance - Ending	$ 17,556,466	$ 3,324,222

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

Non-Major Governmental Funds	Total Governmental Funds
$ –	$ 42,741,578
3,429,345	14,975,897
2,114,558	7,002,859
740,879	6,146,155
6,284,782	70,866,489
1,264,117	37,087,961
309,851	6,826,319
–	518,035
–	3,321,211
–	617,382
3,381,872	3,392,191
–	4,371,475
–	689,990
196,988	2,811,383
182,261	5,660,723
–	209,458
–	400,877
–	2,130
660,374	3,195,039
19,493	1,039,493
–	626,246
6,014,956	70,769,913
269,826	96,576
92,428	92,428
–	(92,428)
92,428	–
362,254	96,576
2,990,235	24,136,601
$ 3,352,489	$ 24,233,177

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds		$ 96,576
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Capital outlays	$ 3,510,713	
Depreciation expense	(3,068,750)	
Net Expense Adjustment		441,963
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(83)
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was less than the amounts paid by $414.		414
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(3,001,302)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.		689,013
Governmental funds report the effect of premiums, discounts, and deferred amounts on refunding when the debt is first issued, however, the amounts are deferred and amortized on the Statement of Activities.		
Amortization of deferred amount on refunding		(35,739)
Amortization of debt premiums		62,813

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, Continued
FOR THE YEAR ENDED JUNE 30, 2018

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds	$	765,000
Qualified zone academy bonds		255,000
Capital lease obligations		19,493
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities includes additional accumulated interest that was accreted on the District's capital appreciation general obligation bonds.		(794,279)
Change in Net Position of Governmental Activities	$	(1,501,131)

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

LINDSAY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Agency Funds
ASSETS	
Deposits and investments	$ 58,489
LIABILITIES	
Due to student groups	$ 58,489

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lindsay Unified School District (the District) was established on April 7, 1890, and unified on July 1, 1936, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates six K-8 elementary schools, one high school, one continuation high school, and a charter school program.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Lindsay Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit discussed below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District.

Charter School The District has an approved Charter for Loma Vista Charter School pursuant to Education Code Section 47605. Loma Vista Charter School is operated by the District, and its financial activities are presented in the General Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as special revenue funds in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Non-Capital Outlay Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements. As a result, the General Fund reflects an increase in fund balance of $16,931.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Adult Education Fund The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (Education Code Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

Special Reserve Capital Outlay Fund The Special Reserve Capital Outlay Fund exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840). The Fund is also being used to track the accumulation of debt rental payments related to the District QZAB. See Note 9 for additional information on the QZAB obligation.

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund categories are trust and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California LEAs and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for LEAs as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2018, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at the donor's acquisition cost.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement or net position as long-term obligations.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Premiums

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Debt premiums are amortized over the life of the debt using the straight-line method.

In governmental fund financial statements, debt premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

Pensions

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

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 Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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.

Fund Balances - Governmental Funds

As of June 30, 2018, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires the District to maintain a minimum unassigned fund balance which includes a Reserve for Economic Uncertainties equal to or at least two months of General Fund operating expenditures, or 17 percent of General Fund expenditures and other financing sources.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $8,245,290 of restricted net position.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;

- Simplifying certain aspects of the alternative measurement method for OPEB; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, 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 judgments. 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

In April 2018, the GASB issued 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 requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Governmental activities	$ 23,299,555
Fiduciary funds	58,489
Total Deposits and Investments	$ 23,358,044

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 59,489
Cash in revolving	7,000
Investments	23,291,555
Total Deposits and Investments	$ 23,358,044

Policies and Practices

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

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

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	25 - 60 Months
County Pool	$ 21,859,708	$ -	$ 21,859,708
Held by Trustee:			
Commercial Paper	1,396,107	1,396,107	-
Total	$ 23,255,815	$ 1,396,107	$ 21,859,708

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County Pool are not required to be rated, nor have they been rated as of June 30, 2018.

Investment Type	Fair Value	Minimum Legal Rating	Rating Aa3
Held by Trustee:			
Commercial Paper	$ 1,396,107	N/A	$ 1,396,107

N/A - Not applicable

NOTE 3 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 reasonably 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 – Investments in the Tulare 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 are as follows at June 30, 2018:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Pool	$21,859,708	$ –	$ –	$ –	$ 21,859,708
Held by Trustee:					
Commercial Paper	1,396,107	1,396,107	–	–	–
Total	$23,255,815	$ 1,396,107	$ -	$ -	$ 21,859,708

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, consists of intergovernmental grants, entitlements, and local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government			
Categorical aid	$ 2,929,117	$ 504,677	$ 3,433,794
State Government			
State grants and entitlements	570,041	303,648	873,689
Local Sources	598,515	2,287	600,802
Total	$ 4,097,673	$ 810,612	$ 4,908,285

NOTE 5 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 3,124,215	$ -	$ -	$ 3,124,215
Construction in process	8,825,056	960,490	8,242,419	1,543,127
Total Capital Assets Not Being Depreciated	11,949,271	960,490	8,242,419	4,667,342
Capital Assets Being Depreciated				
Land improvements	4,553,478	3,400,197	-	7,953,675
Buildings and improvements	106,848,415	7,076,771	-	113,925,186
Furniture and equipment	4,606,723	315,674	15,598	4,906,799
Total Capital Assets Being Depreciated	116,008,616	10,792,642	15,598	126,785,660
Less Accumulated Depreciation				
Land improvements	2,727,219	134,650	-	2,861,869
Buildings and improvements	21,714,053	2,638,886	-	24,352,939
Furniture and equipment	2,949,381	295,214	15,515	3,229,080
Total Accumulated Depreciation	27,390,653	3,068,750	15,515	30,443,888
Governmental Activities Capital Assets, Net	$ 100,567,234	$ 8,684,382	$ 8,242,502	$ 101,009,114

Depreciation expense was charged to functional expenditures as follows:

Governmental Activities	
Instruction	$ 1,411,624
School site administration	61,375
Home-to-school transportation	797,875
Food services	184,125
Data processing	122,750
All other general administration	92,063
Plant services	398,938
Total Depreciation Expense, Governmental Activities	$ 3,068,750

NOTE 6 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2018, are as follows:

	Interfund Receivables	Interfund Payables
Major Governmental Fund		
General	$ 358,157	$ 17,590
Non-Major Governmental Funds		
Adult Education	4,936	99,879
Child Development	7,132	127,209
Cafeteria	5,522	131,069
Total Non-Major Governmental Funds	17,590	358,157
Total All Governmental Funds	$ 375,747	$ 375,747

The General Fund owes the Adult Education Non-Major Governmental Fund for a year end contribution.	$ 4,473
The General Fund owes the Adult Education Non-Major Governmental Fund for GASB 75 OPEB costs.	463
The General Fund owes the Child Development Non-Major Governmental Fund for GASB 75 OPEB costs.	7,132
The General Fund owes the Cafeteria Non-Major Governmental Fund for GASB 75 OPEB costs.	4,122
The General Fund owes the Cafeteria Non-Major Governmental Fund for catering costs.	1,400
The Adult Education Non-Major Governmental Fund owes the General Fund for a temporary cash loan.	95,576
The Adult Education Non-Major Governmental Fund owes the General Fund for postage and printshop charges.	4,303
The Child Development Non-Major Governmental Fund owes the General Fund for indirect costs.	72,759
The Child Development Non-Major Governmental Fund owes the General Fund for preschool education costs.	52,786
The Child Development Non-Major Governmental Fund owes the General Fund for cell phone, postage, and print shop charges.	1,664
The Cafeteria Non-Major Governmental Fund owes the General Fund for indirect costs.	130,705
The Cafeteria Non-Major Governmental Fund owes the General Fund for cell phone, postage, and print shop charges.	364
Total	$ 375,747

Operating Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2018, consist of the following:

The General Fund transferred to the Special Reserve Capital Outlay Non-Major Governmental Fund for the annual deposit to the 2003 Qualified Zone Academy Bond payment account.	$ 87,955
The General Fund transferred to the Adult Education Non-Major Governmental Fund for a year-end contribution.	4,473
Total	$ 92,428

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Vendor payables	$ 1,265,880	$ 58,823	$ 1,324,703
Salaries and benefits	510,050	28,599	538,649
State apportionment	194,259	-	194,259
Deferred payroll	1,610,673	-	1,610,673
Total	$ 3,580,862	$ 87,422	$ 3,668,284

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2018, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal financial assistance	$ 48,400	$ -	$ 48,400
State categorical aid	249,299	35,363	284,662
Total	$ 297,699	$ 35,363	$ 333,062

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2017, as Restated	Additions	Deductions	Balance June 30, 2018	Due in One Year
General obligation bonds	$ 26,464,449	$ 794,279	$ 765,000	$ 26,493,728	$ 875,000
Bond premium	1,135,556	-	62,813	1,072,743	-
Qualified zone academy bonds	3,705,000	-	255,000	3,450,000	1,760,000
Capital leases	38,982	-	19,493	19,489	19,493
Compensated absences - net	137,350	-	414	136,936	-
Net other postemployment benefit (OPEB) liability including Medicare Premium Payment Program	4,154,799	-	201,896	3,952,903	-
Total	$ 35,636,136	$ 794,279	$ 1,304,616	$ 35,125,799	$ 2,654,493

Payments on the capital leases are made by the General Fund and the Child Development Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local tax revenues. The compensated absences and the net OPEB liability will be paid by the fund for which the employee worked. The 2003 Qualified Zone Academy Bonds will be paid in a lump sum at maturity from a trust fund established for that purpose and payments on the 2010 Qualified Zone Academy Bonds are made by the General Fund.

Bonded Debt

The voters of the District passed a $7,200,000 bond election on April 8, 2002. On May 31, 2002, the District issued $3,875,000 of Series A Current Interest and $432,776 of Series A Capital Appreciation Bonds totaling $4,307,776. The bonds were issued to finance the addition and modernization of school facilities. The bonds yield interest ranging from 2.10 percent to 5.79 percent. The bonds mature incrementally on a yearly basis from August 1, 2002, through August 1, 2026. The interest on the Current interest Bonds is payable each February 1 and August 1, commencing February 1, 2003. The Capital Appreciation bonds will not bear current interest; each Capital Appreciation bond will accrete in value daily over the term to its maturity.

On October 18, 2007, the District issued $525,000 of Series B Current Interest Bonds, $234,998 of Series B Capital Appreciation Bonds and $2,132,223 of Series C Capital Appreciation Bonds. The bonds were issued to finance the addition and modernization of school facilities. The bonds yield interest ranging from 3.42 percent to 4.65 percent. The bonds maturity dates range from August 1, 2008, through August 1, 2036. The interest on the Current interest Bonds is payable each February 1 and August 1, commencing August 1, 2008. The Capital Appreciation bonds will not bear current interest; each Capital Appreciation bond will accrete interest, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2008.

The voters of the District passed a $20,700,000 bond election on February 5, 2008. On December 2, 2008, the District issued $4,510,000 of Series A Current Interest Bonds, $2,104,212 of Series A Capital Appreciation Bonds and $1,189,679 of Series B Capital Appreciation Bonds. The bonds were issued to finance the renovation, modernization, and construction, of school facilities. The bonds yield interest ranging from 3.13 percent to 6.48 percent. The bonds maturity dates range from August 1, 2010, through August 1, 2039. The interest on the Current Interest Bonds is payable each February 1 and August 1, commencing August 1, 2009. The Capital Appreciation bonds will not bear current interest; each Capital Appreciation bond will accrete interest, compounded semiannually on February 1 and August 1of each year, commencing February 1, 2009. As of June 30, 2016, the Series A Current Interest Bonds have been defeased with the issuance of the District's 2015 General Obligation Refunding Bonds.

On December 13, 2011, the District issued $2,990,000 of current interest refunding bonds. The bonds were issued to advance the 2002 current interest bonds maturing August 1, 2014 through August 1, 2021, for a total principal defeasance of $2,725,000. The bonds yield interest at 2.00 to 3.00 percent and are payable each February 1 and August 1 commencing February 1, 2013.

In May 2013, the District issued $5,185,000 of Election of 2012, Series 2013A General Obligation Bonds. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $16,000,000 principal amount of general obligation bonds for the purpose of renovation, construction, and improvement of school facilities. The 2013A Bonds are the first series of bonds to be issued under this authorization. The bonds were issued as current interest bonds. Interest is payable semiannually on each February 1 and August 1 commencing August 1, 2013.

The voters of the District passed a $16,000,000 bond election on November 6, 2012. On August 5, 2014, the District issued $1,500,000 of Current Interest Bonds. The bonds were issued to finance the renovation, construction and improvement of school facilities. The bonds yield interest ranging from 2.00 percent to 5.25 percent. The bonds mature incrementally on a yearly basis from August 1, 2015 through August 1, 2039. The interest on the Current Interest Bonds is payable semiannually each February 1 and August 1 until maturity, commencing February 1, 2015.

On December 8, 2015, the District issued $4,855,000 of 2015 General Obligation Refunding Bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2016. The bonds were issued for the purpose of refunding a portion of the District's 2008 Election, Series 2008A current interest General Obligation Bonds. The 2008A current interest bonds are subject to optional redemption on or after August 1, 2018 without premium. The proceeds from the 2015 Refunding Bonds have been placed in an escrow account which will be sufficient to redeem the 2008A current interest bonds on the redemption date including interest to that date. At June 30, 2018, the balance in the escrow account was $4,804,712.

On June 1, 2017, the District issued $2,000,000 of Election of 2012, Series 2017C General Obligation Bonds. The bonds were issued as current interest bonds. Interest on the bonds is payable semiannually on February 1 and August 1 of each year commencing February 1, 2018. The bonds were authorized at an election of the registered voters of the District held on November 6, 2012, which authorized the issuance of $16,000,000 principal amount of general obligation bonds for the purpose of renovation, construction, and improvement of school facilities. The bonds were issued to prepay a portion of the 2010 Qualified Zone Academy Bonds, the proceeds of which were used by the District to finance the renovation of certain facilities of the District. The bonds are the third series of bonds to be issued under the authorization.

The Board of Supervisors of Tulare County are empowered and obligated to levy ad valorem taxes, without limitation of rate or amount upon all property (except certain personal property which is taxable at limited rates), for the payment of interest and principal of the bonds when due.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 1, 2017	Issued/ Interest Accreted	Redeemed	Bonds Outstanding June 30, 2018
5/31/02	8/1/26	2.10-4.05	$ 4,307,776	$ 1,737,866	$ 167,697	$ -	$ 1,905,563
10/18/07	8/1/28	3.42-4.25	759,998	360,000	-	50,000	310,000
10/18/07	8/1/36	4.49-4.65	2,132,223	3,433,819	174,673	-	3,608,492
12/2/08	8/1/28	3.13-6.07	6,614,212	3,549,288	310,860	275,000	3,585,148
12/2/08	8/1/38	6.42-6.48	1,189,679	2,073,476	141,049	-	2,214,525
12/13/11	8/1/21	2.00-3.00	2,990,000	2,020,000	-	340,000	1,680,000
5/21/13	8/1/43	3.00-5.00	5,185,000	5,185,000	-	-	5,185,000
8/5/14	8/1/39	2.00-5.25	1,500,000	1,380,000	-	65,000	1,315,000
12/8/15	8/1/33	2.00-4.00	4,855,000	4,725,000	-	35,000	4,690,000
6/1/17	8/1/46	3.38-4.00	2,000,000	2,000,000	-	-	2,000,000
Total				$ 26,464,449	$ 794,279	$ 765,000	$ 26,493,728

Debt Service Requirements to Maturity

Series 2002 A

The bonds mature through 2027 as follows:

Capital Appreciation Portion:

Fiscal Year	Original Denominational Amount	Accreted Interest	Obligation June 30, 2018	Final Maturity Amount
2023	$ 84,937	$ 289,067	$ 374,004	$ 540,000
2024	81,784	278,342	360,126	570,000
2025	79,188	269,413	348,601	605,000
2026	76,416	260,096	336,512	640,000
2027	73,521	412,799	486,320	1,030,000
Total	$ 395,846	$ 1,509,717	$ 1,905,563	$ 3,385,000

Series 2002 B

The bonds mature through 2029 as follows:

Current Interest Portion:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 50,000	$ 11,988	$ 61,988
2020	50,000	9,988	59,988
2021	45,000	7,969	52,969
2022	40,000	6,163	46,163
2023	35,000	4,569	39,569
2024-2028	80,000	8,502	88,502
2029	10,000	213	10,213
Total	$ 310,000	$ 49,392	$ 359,392

Series 2002 C

The bonds mature through 2037 as follows:

Capital Appreciation Bonds

Fiscal Year	Original Denominational Amount	Accreted Interest	Obligation June 30, 2018	Final Maturity Amount
2028	$ 72,037	$ 88,802	$ 160,839	$ 315,000
2029	143,255	176,560	319,815	675,000
2030	266,861	165,955	432,816	710,000
2031	264,128	165,664	429,792	740,000
2032	261,453	164,819	426,272	770,000
2033-2037	1,124,489	714,469	1,838,958	3,785,000
Total	$ 2,132,223	$ 1,476,269	$ 3,608,492	$ 6,995,000

Series 2008 A

The bonds mature through 2033 as follows:

Capital Appreciation Portion

Fiscal Year	Original Denominational Amount	Accreted Interest	Obligation June 30, 2018	Final Maturity Amount
2019	$ 114,925	$ 220,075	$ 335,000	$ 335,000
2020	112,044	214,558	326,602	365,000
2021	108,495	207,742	316,237	395,000
2022	104,456	200,014	304,470	425,000
2023	100,064	191,591	291,655	455,000
2024-2028	796,000	849,334	1,645,334	2,804,592
2029	202,878	162,972	365,850	675,000
Total	$ 1,538,862	$ 2,046,286	$ 3,585,148	$ 5,454,592

Series 2008 B

The bonds mature through 2039 as follows:

Capital Appreciation Bond

Fiscal Year	Original Denominational Amount	Accreted Interest	Obligation June 30, 2018	Final Maturity Amount
2034	$ 184,295	$ 174,067	$ 358,362	$ 1,160,500
2036	233,105	196,735	429,840	1,266,840
2037	228,788	193,092	421,880	1,325,000
2038	274,392	232,719	507,111	1,702,851
2039	269,100	228,232	497,332	1,780,000
Total	$ 1,189,680	$ 1,024,845	$ 2,214,525	$ 7,235,191

2011 Refunding Bonds

The bonds mature through 2022 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 370,000	$ 45,625	$ 415,625
2020	400,000	37,300	437,300
2021	435,000	27,300	462,300
2022	475,000	14,250	489,250
Total	$ 1,680,000	$ 124,475	$ 1,804,475

Series 2013 A

The bonds mature through 2044 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 223,138	$ 223,138
2020	-	223,138	223,138
2021	25,000	223,138	248,138
2022	25,000	222,387	247,387
2023	35,000	221,637	256,637
2024-2028	355,000	1,085,729	1,440,729
2029-2033	755,000	1,002,069	1,757,069
2034-2038	1,315,000	820,050	2,135,050
2039-2043	2,120,000	473,000	2,593,000
2044	555,000	27,750	582,750
Total	$ 5,185,000	$ 4,522,036	$ 9,707,036

Series 2014 B

The bonds mature through 2040 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 80,000	$ 52,431	$ 132,431
2020	95,000	50,831	145,831
2021	10,000	48,931	58,931
2022	15,000	48,731	63,731
2023	20,000	48,431	68,431
2024-2028	150,000	232,589	382,589
2029-2033	255,000	200,387	455,387
2034-2038	450,000	116,513	566,513
2039-2040	240,000	14,600	254,600
Total	$ 1,315,000	$ 813,444	$ 2,128,444

2015 General Obligation Refunding Bonds

The bonds mature through 2034 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 40,000	$ 183,950	$ 223,950
2020	40,000	183,150	223,150
2021	40,000	182,150	222,150
2022	40,000	180,950	220,950
2023	40,000	179,750	219,750
2024-2028	235,000	874,875	1,109,875
2029-2033	3,255,000	599,900	3,854,900
2034	1,000,000	20,000	1,020,000
Total	$ 4,690,000	$ 2,404,725	$ 7,094,725

Series 2017 C

The bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 78,562	$ 78,562
2020	-	78,562	78,562
2021	-	78,562	78,562
2022	-	78,562	78,562
2023	-	78,562	78,562
2024-2028	-	392,812	392,812
2029-2033	-	392,812	392,812
2034-2038	-	392,814	392,814
2039-2043	350,000	374,889	724,889
2044-2047	1,650,000	125,600	1,775,600
Total	$ 2,000,000	$ 2,071,737	$ 4,071,737

Qualified Zone Academy Bonds

The District issued $1,500,000 in Qualified Zone Academy Bonds in December 2003. Interest is not payable with the Bonds. In lieu of receiving periodic interest payments, eligible holders of the Bonds are allowed an annual federal income tax credit equal to the credit rate times the face amount of the Bonds. Under the terms of the agreement, the District is required to make annual installments of $87,955 into an interest bearing trust through 2018. The Bonds will be paid in a lump sum at maturity, December 23, 2018. The liability at June 30, 2018, was $1,500,000. The payment account currently has $1,396,107 and is maintained by a third-party trustee.

The District issued an additional $5,000,000 in Qualified Zone Academy Bonds in April 2010 at 2.40 percent. The Bonds will mature through 2025 as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 260,000	$ 46,800	$ 306,800
2020	265,000	40,560	305,560
2021	270,000	34,200	304,200
2022	280,000	27,720	307,720
2023	285,000	21,000	306,000
2024-2025	590,000	21,360	611,360
Total	$ 1,950,000	$ 191,640	$ 2,141,640

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

Balance, July 1, 2017	$	38,982
Payments		19,493
Balance, June 30, 2018	$	19,489

The capital leases have minimum lease payments as follows:

Year Ending June 30,		Lease Payment
2019	$	19,489

Compensated Absences

The long-term portion of compensated absences for the District at June 30, 2018, amounted to $136,936.

Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 3,641,285	$ 487,117	$ 135,895	$ (701,535)
Medicare Premium Payment (MPP) Program	311,618	–	–	(21,452)
Total	$ 3,952,903	$ 487,117	$ 135,895	$ (722,987)

The details of the plan are as follows:

<u>District Plan</u>

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the Plan is vested in the District management. Management of the trustee assets is vested with the Self-Insured Schools of California (SISC).

Plan Membership

At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	15
Active employees	283
Total	298

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Lindsay Teacher Association (LTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, LTA, CSEA, and the unrepresented groups. For fiscal year 2017-2018, the District contributed $487,117 to the Plan, which was used to fund the OPEB Trust.

Net OPEB Liability of the District

The District's net OPEB liability of $3,641,285 as measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2017, were as follows:

Total OPEB liability	$ 7,079,146
Plan fiduciary net position	(3,437,861)
District's net OPEB liability	$ 3,641,285
Plan fiduciary net position as a percentage of the total OPEB liability	48.56%

Actuarial Assumptions

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

Salary increases	3.0 percent, average, including inflation
Investment rate of return	6.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.0 percent for 2017, 5 percent for 2018 and on

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

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males and Females, as appropriate, without projection.

The actual assumptions used in the June 30, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2016	$ 6,745,553	$ 2,923,824	$ 3,821,729
Service cost	289,275	-	289,275
Interest	394,384	-	394,384
Contributions-employer	-	505,605	(505,605)
Net investment income	-	361,573	(361,573)
Benefit payments	(350,066)	(350,066)	-
Administrative expense	-	(3,075)	3,075
Net change in total OPEB liability	333,593	514,037	(180,444)
Balance at June 30, 2017	$ 7,079,146	$ 3,437,861	$ 3,641,285

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

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

Discount Rate	Net OPEB Liability
1% decrease (5.0%)	$ 4,337,827
Current discount rate (6.0%)	3,641,285
1% increase (7.0%)	3,021,501

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (5.0% decreasing to 4.0%)	$ 2,947,238
Current healthcare cost trend rate (6.0% decreasing to 5.0%)	3,641,285
1% increase (7.0% decreasing to 6.0%)	4,449,601

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $(701,535). At June 30, 2018, the District reported deferred outflows of resources for OPEB contributions subsequent to measurement date of $487,117. At June 30, 2018, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 487,117	$ –
Net difference between projected and actual earnings on OPEB plan investments	–	135,895
Total	$ 487,117	$ 135,895

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

Year Ended June 30,	Deferred Inflows of Resources
2019	$ (33,974)
2020	(33,974)
2021	(33,974)
2022	(33,973)
Total	$ (135,895)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

Contributions

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District contributions. In accordance with California Education Code Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of $311,618 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.0741 percent, and 0.0712 percent, resulting in a net increase in the proportionate share of 0.0029 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(21,452).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the net OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the net OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.58%)	$ 344,983
Current discount rate (3.58%)	311,618
1% increase (4.58%)	279,164

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 281,595
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	311,618
1% increase (4.7% Part A and 5.1% Part B)	341,342

NOTE 10 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 7,000	$ -	$ -	$ 7,000
Stores inventories	-	-	26,683	26,683
Total Nonspendable	7,000	-	26,683	33,683
Restricted				
Legally restricted programs	1,568,580	-	1,664,394	3,232,974
Capital projects	-	-	265,017	265,017
Debt service	-	3,324,222	-	3,324,222
Total Restricted	1,568,580	3,324,222	1,929,411	6,822,213
Assigned				
Capital projects	-	-	1,396,395	1,396,395
Unassigned	15,980,886	-	-	15,980,886
Total	$ 17,556,466	$ 3,324,222	$ 3,352,489	$ 24,233,177

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2018, the District contracted with Tulare County School Districts' Insurance Authority and with a private insurance carrier for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2018, the District participated in the Tulare County Schools Insurance Group (TCSIG), an insurance purchasing pool. The intent of TCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in TCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in TCSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of TCSIG. Participation in TCSIG is limited to districts that can meet TCSIG selection criteria. The firm of Keenan and Associates provides administrative, cost control, and actuarial services to the JPA.

Employee Medical Benefits

The District has contracted with the Self-Insured Schools of California (SISC III) to provide employee health benefits. Self-Insured Schools of California is a shared risk pool comprised of member school districts in the State of California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 37,836,342	$ 11,899,021	$ 1,667,613	$ 4,106,762
CalPERS	20,090,884	6,448,010	273,559	3,961,000
Total	$ 57,927,226	$ 18,347,031	$ 1,941,172	$ 8,067,762

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $3,332,638.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected 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, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	$ 37,836,342
State's proportionate share of the net pension liability associated with the District	22,383,660
Total	$ 60,220,002

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0409 percent and 0.0400 percent, resulting in a net increase in the proportionate share of 0.0009 percent.

For the year ended June 30, 2018, the District recognized pension expense of $4,106,762. In addition, the District recognized pension expense and revenue of $2,253,130 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,332,638	$ -
Net change in proportionate share of net pension liability	1,416,837	-
Difference between projected and actual earnings on pension plan investments	-	1,007,687
Differences between expected and actual experience in the measurement of the total pension liability	139,922	659,926
Changes of assumptions	7,009,624	-
Total	$ 11,899,021	$ 1,667,613

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred inflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Inflows of Resources
2019	$ (837,728)
2020	633,912
2021	91,407
2022	(895,278)
Total	$ (1,007,687)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 1,310,982
2020	1,310,982
2021	1,310,982
2022	1,310,981
2023	1,372,939
Thereafter	1,289,591
Total	$ 7,906,457

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

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

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 55,555,762
Current discount rate (7.10%)	37,836,342
1% increase (8.10%)	23,455,832

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $1,699,848.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $20,090,884. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively was 0.0842 percent and 0.0845 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2018, the District recognized pension expense of $3,961,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,699,848	$ -
Net change in proportionate share of net pension liability	398,792	37,014
Difference between projected and actual earnings on pension plan investments	695,007	-
Differences between expected and actual experience in the measurement of the total pension liability	719,773	-
Changes of assumptions	2,934,590	236,545
Total	$ 6,448,010	$ 273,559

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2019	$ (18,833)
2020	801,887
2021	292,538
2022	(380,585)
Total	$ 695,007

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 1,491,967
2020	1,284,196
2021	1,003,433
Total	$ 3,779,596

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 29,560,128
Current discount rate (7.15%)	20,090,884
1% increase (8.15%)	12,235,352

Alternative Plan

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Self-Insured Schools of California (SISC) defined benefit plan as its alternative plan. For all employees who were members in the plan prior to January 1, 2014, the District is required to make contributions of 3.7 percent of the employees' salary. For all employees who entered the plan subsequent to January 1, 2014, the District is required to make contributions of 2.1 percent of the employees' salary and the employee is required to contribute 1.6 percent. There is no specified length of time an employee must work for the District in order to receive benefits. The benefits are 100 percent vested from the date of participation. The District made contributions of $24,573 to this plan during the fiscal year ended June 30, 2018, of which $8,656 was the employee portion. Copies of the SISC defined benefit plan annual financial report may be obtained from the SISC executive office.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $1,798,025 (9.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate 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.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2018, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Energy Efficiency Services	$ 167,593	October 2018

NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Tulare County Schools' Insurance Authority (TCSIA), Tulare County Schools Insurance Group (TCSIG), and the Self-Insured Schools of California (SISC III) JPAs. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools and the JPAs are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2018, the District made payments of $90,026 to TCSIG for property and liability insurance, $853,085 to TCSIG for workers' compensation insurance, and $7,023,901 to SISC III for health insurance. The District has one board member appointed to the governing board of TCSIA and TCSIG.

NOTE 15 – RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 57,605,973
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	(6,470,408)
Inclusion of deferred inflows of resources from the adoption of GASB Statement No. 75	(169,869)
Net Position - Beginning as Restated	$ 50,965,696

REQUIRED SUPPLEMENTARY INFORMATION

LINDSAY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variances – Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
REVENUES				
Local Control Funding Formula	$ 42,026,452	$ 42,763,838	$ 42,741,578	$ (22,260)
Federal sources	9,031,047	17,517,776	11,546,552	(5,971,224)
Other State sources	5,120,595	5,010,526	4,874,431	(136,095)
Other local sources	5,510,271	3,949,482	3,882,926	(66,556)
Total Revenues	61,688,365	69,241,622	63,045,487	(6,196,135)
EXPENDITURES				
Current				
Certificated salaries	22,701,326	25,335,500	23,764,346	1,571,154
Classified salaries	9,393,388	9,491,404	9,309,841	181,563
Employee benefits	13,210,218	15,576,138	14,589,114	987,024
Books and supplies	3,438,698	4,923,867	3,611,266	1,312,601
Services and operating expenditures	8,648,081	12,410,262	9,109,370	3,300,892
Other outgo	243,330	395,706	203,888	191,818
Capital outlay	3,354,318	2,554,718	2,520,886	33,832
Debt service – principal	400,269	342,956	255,000	87,956
Debt service – interest	116,978	53,000	52,907	93
Total Expenditures	61,506,606	71,083,551	63,416,618	7,666,933
Excess (Deficiency) of Revenues Over Expenditures	181,759	(1,841,929)	(371,131)	1,470,798
Other Financing Sources (Uses)				
Transfers in	1,363,114	1,271,350	–	(1,271,350)
Transfers out	(1,350,000)	(1,004,474)	(92,428)	912,046
Net Financing Sources (Uses)	13,114	266,876	(92,428)	(359,304)
NET CHANGE IN FUND BALANCES	194,873	(1,575,053)	(463,559)	1,111,494
Fund Balance – Beginning	18,020,025	18,020,025	18,020,025	–
Fund Balance – Ending	$ 18,214,898	$ 16,444,972	$ 17,556,466	$ 1,111,494

[1] Due to the consolidation of Fund 17, Special Reserve Non-Capital Outlay Fund for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this other fund are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

See accompanying note to required supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	2018
Total OPEB Liability	
Service cost	$ 289,275
Interest	394,384
Benefit payments	(350,066)
Net change in total OPEB liability	333,593
Total OPEB liability - beginning	6,745,553
Total OPEB liability - ending (a)	$ 7,079,146
Plan Fiduciary Net Position	
Contributions - employer	$ 505,605
Net investment income	361,573
Benefit payments	(350,066)
Administrative expense	(3,075)
Net change in plan fiduciary net position	514,037
Plan fiduciary net position - beginning	2,923,824
Plan fiduciary net position - ending (b)	$ 3,437,861
District's net OPEB liability - ending (a) - (b)	$ 3,641,285
Plan fiduciary net position as a percentage of the total OPEB liability	48.56%
Covered-employee payroll	N/A [1]
District's net OPEB liability as a percentage of covered-employee payroll	N/A [1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.0741%
District's proportionate share of the net OPEB liability	$ 311,618
District's covered-employee payroll	N/A [1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note: In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

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LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0409%	0.0400%
District's proportionate share of the net pension liability	$ 37,836,342	$ 32,364,897
State's proportionate share of the net pension liability associated with the District	22,383,660	18,424,759
Total	$ 60,220,002	$ 50,789,656
District's covered - employee payroll	$ 21,884,134	$ 20,059,012
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	172.89%	161.35%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.0842%	0.0845%
District's proportionate share of the net pension liability	$ 20,090,884	$ 16,681,217
District's covered - employee payroll	$ 10,746,097	$ 10,119,254
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	186.96%	164.85%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016	2015
0.0386%	0.0384%
$ 25,958,631	$ 22,449,127
13,729,254	13,555,752
$ 39,687,885	$ 36,004,879
$ 17,951,971	$ 17,333,442
144.60%	129.51%
74%	77%
0.0819%	0.0760%
$ 12,067,656	$ 8,631,473
$ 9,112,293	$ 8,108,390
132.43%	106.45%
79%	83%

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 3,332,638	$ 2,753,024
Contributions in relation to the contractually required contribution	3,332,638	2,753,024
Contribution deficiency (excess)	$ -	$ -
District's covered -employee payroll	$ 23,095,204	$ 21,884,134
Contributions as a percentage of covered -employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 1,699,848	$ 1,492,418
Contributions in relation to the contractually required contribution	1,699,848	1,492,418
Contribution deficiency (excess)	$ -	$ -
District's covered -employee payroll	$ 10,944,872	$ 10,746,097
Contributions as a percentage of covered -employee payroll	15.531%	13.888%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

2016		2015	
$	2,152,332	$	1,594,135
	2,152,332		1,594,135
$	–	$	–
$	20,059,012	$	17,951,971
	10.73%		8.88%
$	1,198,828	$	1,072,608
	1,198,828		1,072,608
$	–	$	–
$	10,119,254	$	9,112,293
	11.847%		11.771%

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions - The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Fund for the Improvement of Education Programs - CARE	84.215E	N/A	$ 95,082
Fund for the Improvement of Education Programs - LINK	84.215E	N/A	69,801
Safe and Drug-Free Schools Climate Transformation Grant	84.184G	N/A	683,545
ARRA: Race to the Top - Early Learning Challenge	84.416F	N/A	227,450
ESEA: Teacher and School Leader Incentive Program	84.374A	N/A	4,552,228
Passed Through California Department of Education (CDE):			
Title I - Part A, Basic Grants	84.010	14329	2,654,411
Title I - Part C, Migrant Education	84.011	14326	1,314,499
Title I - Advance Placement Incentive Program	84.330	14831	2,013
Title II - Part A, Supporting Effective Instruction	84.367	14341	159,850
Title III - English Language Acquisition - IEP	84.365	15146	195
Title III - English Language Acquisition - LEP	84.365	14346	271,536
Title IV - 21st Century Community Learning Centers	84.287	14349	552,362
Vocational Educational Grants - Technology Secondary	84.048	14894	48,134
Special Education Cluster			
Special Education, Basic Local Assistance	84.027	13379	600,956
Special Education, Basic Local Assistance, Preschool	84.173	13430	134,472
Subtotal Special Education Cluster			735,428
Total U.S. Department of Education			11,366,534
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medi-Cal Billing Option	93.778	10013	12,975
Medi-Cal Administrative Activities	93.778	10060	167,042
Total U.S. Department of Health and Human Services			180,017
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Child Nutrition - Centers and Family Day Care	10.558	13393	472,681
Child Nutrition Cluster			
National School Lunch	10.555	13391	2,034,563
Especially Needy Breakfast	10.553	13526	607,392
Meals Supplements - Snack	10.555	13391	81,477
Summer Food Program	10.559	13004	9,103
Food Distribution - Commodities	10.555	13391	224,130
Subtotal Child Nutrition Cluster			2,956,665
Total U.S. Department of Agriculture			3,429,346
Total Expenditures of Federal Awards			$ 14,975,897

N/A - Not applicable

See accompanying note to supplementary information.

ORGANIZATION

The Lindsay Unified School District was established on April 7, 1890, and unified on July 1, 1936, under the laws of the State of California, and consists of an area comprising approximately 43 square miles. The District operates six K-8 elementary schools, one high school, one continuation high school, and a charter school program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Alex Flores	President	2018
Vahnn Blue	Clerk	2018
Robert Hurtado	Member	2020
Jean Miller	Member	2018
Perla Soria	Member	2020

ADMINISTRATION

Tom Rooney	Superintendent
Lana Brown	Deputy Superintendent
Russel Ernst	Executive Director of Human Resources
Grant Schimelpfening	Chief Business Official

See accompanying note to supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Report	Annual Report
LINDSAY UNIFIED SCHOOL DISTRICT		
Regular ADA		
Transitional kindergarten through third	1,254.29	1,256.08
Fourth through sixth	953.99	950.92
Seventh and eighth	598.85	598.05
Ninth through twelfth	1,117.14	1,110.16
	3,924.27	3,915.21
Community Day School		
Ninth through twelfth	5.85	6.87
Total Community Day School	5.85	6.87
Total ADA	3,930.12	3,922.08
LOMA VISTA CHARTER SCHOOL - all nonclassroom based ADA		
Regular ADA		
Seventh and eighth	1.04	1.03
Ninth through twelfth	22.30	21.02
Total Regular ADA	23.34	22.05

See accompanying note to supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	1986-1987 Minutes Requirement	2017-2018 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	59,625	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		56,925	180	N/A	Complied
Grade 2		56,925	180	N/A	Complied
Grade 3		56,925	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,925	180	N/A	Complied
Grade 5		56,925	180	N/A	Complied
Grade 6		56,925	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		56,925	180	N/A	Complied
Grade 8		56,925	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,465	180	N/A	Complied
Grade 10		65,465	180	N/A	Complied
Grade 11		65,465	180	N/A	Complied
Grade 12		65,465	180	N/A	Complied

See accompanying note to supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	Special Reserve Capital Outlay Fund
FUND BALANCE	
Balance, June 30, 2018, Unaudited Actuals	$ 1,291,145
Increase in:	
Deposits and investments	105,250
Balance, June 30, 2018, Audited Financial Statements	$ 1,396,395

See accompanying note to supplementary information.

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	(Budget) 2019[1]	2018	2017	2016
GENERAL FUND				
Revenues	$ 68,707,298	$ 63,039,477	$ 61,817,646	$ 60,381,543
Transfers in and other sources	1,087,703	1,271,349	1,361,661	1,574,001
Total Revenues and Other Sources[3]	69,795,001	64,310,826	63,179,307	61,955,544
Expenditures	68,644,739	63,504,573	60,301,696	54,082,593
Transfers out and other uses	1,400,000	1,004,473	1,350,000	4,490,123
Total Expenditures and Other Uses[3]	70,044,739	64,509,046	61,651,696	58,572,716
INCREASE/(DECREASE) IN FUND BALANCE	$ (249,738)	$ (198,220)	$ 1,527,611	$ 3,382,828
ENDING FUND BALANCE	$ 17,289,796	$ 17,539,534	$ 17,737,754	$ 16,210,143
AVAILABLE RESERVES[2]	$ 15,876,489	$ 15,980,886	$ 13,714,512	$ 13,519,235
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	22.7%	24.8%	22.2%	23.1%
LONG-TERM OBLIGATIONS[5]	Not Available	$ 35,125,799	$ 35,636,136	$ 31,598,482
AVERAGE DAILY ATTENDANCE AT P-2[4]	3,959	3,930	3,992	4,051

The General Fund balance has increased by $1,329,391 over the past two years. The fiscal year 2018-2019 budget projects a decrease of $249,738 (1.4 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2018-2019 fiscal year. Total long-term obligations have increased by $3,527,317 over the past two years due to GASB 75 increasing the liability for other post-employment benefits.

Average daily attendance has decreased by 121 over the past two years. Growth of 29 ADA is anticipated during fiscal year 2018-2019.

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[1] Budget 2019 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances contained within the General Fund.

[3] General Fund amounts do not include activity related to the consolidation of the Special Reserve Non-Capital Fund as required by GASB Statement No. 54.

[4] Excludes charter school average daily attendance.

[5] The balance of long-term obligations for the year ended June 30, 2017, has been restated due to the implementation of GASB Statement No. 75.

See accompanying note to supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

Name of Charter School	Included in Audit Report
Loma Vista Charter (Charter Number 1329)	Yes

See accompanying note to supplementary information.

LINDSAY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund
ASSETS			
Deposits and investments	$ 79,234	$ 77,596	$ 1,160,304
Receivables	18,702	246,391	545,519
Due from other funds	4,936	7,132	5,522
Stores inventories	–	–	26,683
Total Assets	$ 102,872	$ 331,119	$ 1,738,028
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,993	$ 35,970	$ 48,459
Due to other funds	99,879	127,209	131,069
Unearned revenue	–	35,363	–
Total Liabilities	102,872	198,542	179,528
Fund Balances:			
Nonspendable	–	–	26,683
Restricted	–	132,577	1,531,817
Assigned	–	–	–
Total Fund Balances	–	132,577	1,558,500
Total Liabilities and Fund Balances	$ 102,872	$ 331,119	$ 1,738,028

See accompanying note to supplementary information.

Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
$ 1	$ 167,416	$ 97,600	$ 1,396,395	$ 2,978,546
–	–	–	–	810,612
–	–	–	–	17,590
–	–	–	–	26,683
$ 1	$ 167,416	$ 97,600	$ 1,396,395	$ 3,833,431
$ –	$ –	$ –	$ –	$ 87,422
–	–	–	–	358,157
–	–	–	–	35,363
–	–	–	–	480,942
–	–	–	–	26,683
1	167,416	97,600	–	1,929,411
–	–	–	1,396,395	1,396,395
1	167,416	97,600	1,396,395	3,352,489
$ 1	$ 167,416	$ 97,600	$ 1,396,395	$ 3,833,431

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Child Development Fund	Cafeteria Fund
REVENUES			
Federal sources	$ -	$ -	$ 3,429,345
Other State sources	3,400	1,800,640	213,937
Other local sources	99,179	7,963	119,137
Total Revenues	102,579	1,808,603	3,762,419
EXPENDITURES			
Current			
Instruction	107,052	1,157,065	-
Instruction-related activities:			
Supervision of instruction	-	309,851	-
Pupil services:			
Food services	-	-	3,381,872
Administration:			
All other administration	-	66,283	130,705
Plant services	-	75,577	6,699
Facility acquisition and construction	-	182,554	14,500
Debt service			
Principal	-	19,493	-
Total Expenditures	107,052	1,810,823	3,533,776
Excess (Deficiency) of Revenues Over Expenditures	(4,473)	(2,220)	228,643
Other Financing Sources			
Transfers in	4,473	-	-
NET CHANGE IN FUND BALANCES	-	(2,220)	228,643
Fund Balance - Beginning	-	134,797	1,329,857
Fund Balance - Ending	$ -	$ 132,577	$ 1,558,500

See accompanying note to supplementary information.

Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Non-Major Governmental Funds
$ –	$ –	$ –	$ –	$ 3,429,345
–	–	96,581	–	2,114,558
3	495,955	1,019	17,623	740,879
3	495,955	97,600	17,623	6,284,782
–	–	–	–	1,264,117
–	–	–	–	309,851
–	–	–	–	3,381,872
–	–	–	–	196,988
–	94,103	–	5,882	182,261
559	426,159	–	36,602	660,374
–	–	–	–	19,493
559	520,262	–	42,484	6,014,956
(556)	(24,307)	97,600	(24,861)	269,826
–	–	–	87,955	92,428
(556)	(24,307)	97,600	63,094	362,254
557	191,723	–	1,333,301	2,990,235
$ 1	$ 167,416	$ 97,600	$ 1,396,395	$ 3,352,489

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by Education Code Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Governing Board
Lindsay Unified School District
Lindsay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lindsay Unified School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lindsay Unified School District's basic financial statements, and have issued our report thereon dated December 7, 2018.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 and Note 15 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lindsay 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 Lindsay Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lindsay 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lindsay 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.

We noted certain matters that we reported to management of Lindsay Unified School District in a separate letter dated December 7, 2018.

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 7, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Lindsay Unified School District
Lindsay, California

Report on Compliance for Each Major Federal Program

We have audited Lindsay Unified School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Lindsay Unified School District's major Federal programs for the year ended June 30, 2018. Lindsay Unified School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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 Lindsay 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 Lindsay 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 Lindsay Unified School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Lindsay 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, 2018.

Report on Internal Control Over Compliance

Management of Lindsay 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 Lindsay 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 an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lindsay 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 7, 2018

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Lindsay Unified School District
Lindsay, California

Report on State Compliance

We have audited Lindsay Unified School District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting that could have a direct and material effect on each of the Lindsay Unified School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Lindsay Unified School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Lindsay 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 opinions. Our audit does not provide a legal determination of Lindsay Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Lindsay Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No (see below)
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No (see below)
Middle or Early College High Schools	No (see below)
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No (see below)
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study -Course Based	No (see below)
CHARTER SCHOOLS	
Attendance	Yes
Mode of Instruction	No (see below)
Non Classroom-Based Instruction/Independent Study for Charter Schools	Yes
Determination of Funding for Non Classroom-Based Instruction	Yes
Annual Instruction Minutes Classroom-Based	No (see below)
Charter School Facility Grant Program	No (see below)

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

The District does not offer an apprenticeship program; therefore, we did not perform procedures related to Apprenticeship: Related and Supplemental Instruction.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to Independent Study - Course Based.

We did not perform procedures for the Charter Schools Mode of Instruction nor Annual Instructional Minutes Classroom-Based because the District's charter school is entirely non-classroom based.

Additionally, we did not perform procedures for the Charter School Facility Grant Program because the District did not receive funding for this program.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 7, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No
Identification of major Federal programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.416F	ARRA: Race to the Top - Early Learning Challenge
84.374A	ESEA: Teacher and School Leader Incentive Program
84.011	Title I - Part C, Migrant Education

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Type of auditor's report issued on compliance for programs:	Unmodified

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

State Awards Findings and Questioned Costs

2017-001 10000

Attendance Reporting

Criteria

According to the 2016-17 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting, prescribed in the California Code of Regulations and published by the Education Audit Appeals Panel, attendance reports must be amended for any change in ADA. [Education Code Sections 41341 (a)(1) and 14503 (a)]

Condition

During our audit of the Second Period and Annual Attendance Reports, we determined that average daily attendance for Grades 9-12 was overstated by 1.54 on the Second Period Attendance Report and overstated by 1.47 on the Annual Attendance Report.

Effect

The District has revised both the Second Period and Annual Attendance Reports to correct the overstatements. Because the District's funding for the 2016-2017 fiscal year was based on prior year average daily attendance, there is no questioned cost.

Cause

The District did not use the correct Continuation/Hourly attendance system reports to determine average daily attendance for the continuation program.

Recommendation

The District should implement procedures to ensure that the correct attendance system reports are used for the calculation and reporting of Continuation average daily attendance on all future attendance reports submitted to the State.

Current Status

Implemented.

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Governing Board
Lindsay Unified School District
Lindsay, California

In planning and performing our audit of the financial statements of Lindsay Unified School District (the District) for the year ended June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted a matter that is an opportunity for strengthening internal controls and operating efficiency. The following item represents a condition noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 7, 2018, on the government-wide financial statements of the District.

LINDSAY HIGH SCHOOL –ASSOCIATED STUDENT BODY (ASB)

Disbursements

Observation

During our audit, we found that five out of ten disbursement requests tested were dated after the date on the invoice/receipt. This would indicate that items are being purchased prior to their approval.

Recommendation

The site should review the cash disbursement procedures outlined in the Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference published by the Fiscal Crisis & Management Assistance Team (FCMAT) which is available at www.fcmat.org. In order to provide proper controls over spending, the site should take the necessary steps to ensure that expenditures are approved prior to purchases being made.

We will review the status of the current year comments during our next audit engagement.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 7, 2018

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APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF LINDSAY AND THE COUNTY OF TULARE

*The following information concerning the City of Lindsay (the "**City**") and the County of Tulare (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the 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, other than the District, is liable therefor.*

General

Founded in 1852, the County of Tulare is located in California's San Joaquin Valley, a large agriculturally rich basin that runs through the center of the State. The County is the second top agricultural producing county in the nation. It is surrounded by Fresno County to the north, Inyo County to the east, Kern County to the south and Kings County to the west. Almost half the entire county area is devoted to national parks and forests, including the famous Sequoia and Kings Canyon National Parks, Inyo and Sequoia National Forests. These natural resources provide year-round recreational opportunities for hiking, fishing, skiing and camping.

Population

The following sets forth the City and County population estimates as of January 1 for the years 2015 through 2019.

COUNTY OF TULARE AND CITY OF LINDSAY
Estimated Population

	2015	2016	2017	2018	2019
Dinuba	24,044	24,528	24,735	24,918	25,328
Exeter	10,735	10,887	10,922	10,984	11,002
Farmersville	11,071	11,200	11,297	11,341	11,358
Lindsay	**12,730**	**12,895**	**12,953**	**13,062**	**13,358**
Porterville	56,365	59,547	59,563	60,241	60,260
Tulare	62,402	63,061	64,161	65,503	66,967
Visalia	130,746	132,563	134,207	136,403	138,207
Woodlake	7,694	7,735	7,753	7,793	7,891
Balance of County	146,723	144,594	145,114	145,101	144,741
Incorporated	315,787	322,416	325,591	330,245	334,371
County Total	**462,510**	**467,010**	**470,705**	**475,346**	**479,112**

Source: State of California Department of Finance, Demographic Research Unit.

Taxable Transactions

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Annual figures for calendar year 2018 are not yet available.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $1,687,164,116, a 4.76% increase over the total taxable sales of $1,610,466,809 reported during the first quarter of calendar year 2017.

COUNTY OF TULARE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	5,816	$3,746,171	8,334	$5,788,584
2014	5,869	3,902,553	8,351	6,150,669
2015(1)	3,071	3,998,589	9,284	6,275,434
2016	6,124	4,377,472	9,232	6,688,260
2017	6,005	4,810,563	9,081	7,105,732

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be $19,783,564, a 11.56% increase over the total taxable sales of $17,732,782 reported during the first quarter of calendar year 2017.

CITY OF LINDSAY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	165	$58,487	217	$75,561
2014	166	56,483	216	74,972
2015(1)	176	54,128	236	76,013
2016	172	52,356	230	73,032
2017	157	64,208	217	79,766

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Employment and Industry

The District and the City are included in the Visalia-Porterville Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Tulare County was 10.0 percent in July 2019, up from a revised 9.1 percent in June 2019, and above the year-ago estimate of 9.9 percent. This compares with an unadjusted unemployment rate of 4.4 percent for California and 4.0 percent for the nation during the same period.

The following table lists employment by industry for the Visalia-Porterville MSA for the past five years.

VISALIA-PORTERVILLE MSA
(TULARE COUNTY)
Civilian Labor Force, Employment and Unemployment
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	198,200	202,200	203,400	204,800	204,600
Employment	172,100	178,700	180,700	183,500	184,900
Unemployment	26,000	23,500	22,700	21,400	19,600
Unemployment Rate	13.1%	11.6%	11.2%	10.4%	9.6%
Wage and Salary Employment: (2)					
Agriculture	34,900	39,100	38,800	38,700	39,300
Mining, Logging and Construction	4,500	4,900	5,300	5,700	6,100
Manufacturing	12,000	12,300	12,800	12,800	13,000
Wholesale Trade	3,800	3,900	4,100	4,200	4,300
Retail Trade	15,800	15,900	16,200	16,200	16,300
Trans., Warehousing and Utilities	6,400	6,900	6,900	7,300	7,400
Information	900	1,000	1,000	900	900
Financial Activities	3,900	4,000	4,100	4,100	4,000
Professional and Business Services	10,300	10,900	11,100	12,000	11,000
Educational and Health Services	13,700	13,800	14,400	15,500	16,200
Leisure and Hospitality	10,600	11,100	11,500	11,500	11,700
Other Services	3,300	3,400	3,500	3,500	3,500
Federal Government	1,000	1,000	1,000	1,000	1,100
State Government	1,700	1,700	1,800	1,800	1,700
Local Government	26,800	27,500	28,500	29,000	29,500
Total, All Industries (3)	149,600	157,600	160,900	164,100	165,900

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

Major Employers

The following chart presents the major employers in the County as of August 2019.

TULARE COUNTY
Major Employers
August 2019

Employer Name	Location	Industry
American	Visalia	Construction Companies
College of the Sequoias	Visalia	Junior-Community College-Tech Institutes
Eagle Mountain Casino	Porterville	Casinos
Family Tree Farms	Reedley	Farms
Haagen-Dazs Shop	Tulare	Ice Cream Parlors
Jostens	Visalia	Class Rings (mfrs)
Kd Medical Ctr	Visalia	Hospitals
KINGS Canyon National Park	Kings Cyn Nat Pk	Government Offices-Us
Land O'Lakes Indl Cheese	Tulare	Cheese Processors (mfrs)
Latino Farm Labor Svc	Visalia	Contractors
Monrovia Nursery Co	Woodlake	Nurseries-Plants Trees & Etc-Wholesale
Porterville Developmental Ctr	Porterville	Government Offices-State
Ruiz Food Products Inc	Dinuba	Mexican Food Products-Manufacturers
Saputo Cheese USA Inc	Tulare	Cheese Processors (mfrs)
Sierra View District Hospital	Porterville	Hospitals
Tulare County Child Care Prgm	Visalia	Child Care Service
Tulare County Sheriff	Visalia	Government Offices-County
Tulare High School District	Tulare	School Districts
Tulare Local Healthcare Dist	Tulare	Health Care Management
Tulare Regional Medical Ctr	Tulare	Hospitals
US Cotton Classing Office	Visalia	Government Offices-Us
Valley Labor Svc	Dinuba	Labor Contractors
Walmart	Porterville	Department Stores
Walmart Distribution Ctr	Porterville	Distribution Centers (whls)

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF LINDSAY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$4,029.7	$5,916.4	$4,278.7	$4,522.2	$4,851.2
New Multi-family	0.0	0.0	0.0	8,573.3	0.0
Res. Alterations/Additions	249.0	129.1	915.8	1,007.3	196.8
Total Residential	4,278.7	6,045.5	5,194.5	14,102.8	5,048.0
New Commercial	5.4	13.8	405.5	95.0	53.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	5,069.3	252.1	147.4	70.2	106.0
Com. Alterations/Additions	105.0	10.0	209.4	140.0	476.0
Total Nonresidential	5,179.7	275.9	762.3	305.2	635.0
New Dwelling Units					
Single Family	20	33	25	21	24
Multiple Family	0	0	0	50	0
TOTAL	20	33	25	71	24

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF TULARE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$177,971.7	$242,048.5	$435,293.6	$246,860.6	$253,174.2
New Multi-family	23,630.4	14,041.5	13,595.9	30,428.9	36,987.8
Res. Alterations/Additions	14,034.2	14,690.6	19,569.3	14,274.9	27,136.5
Total Residential	215,636.3	270,780.6	468,458.8	291,564.4	317,298.5
New Commercial	30,522.1	30,008.4	137,763.5	50,633.2	64,998.8
New Industrial	0.0	892.0	9,571.2	4,528.3	5,639.5
New Other	51,676.9	71,771.9	125,445.8	43,334.0	57,187.4
Com. Alterations/Additions	43,259.7	46,290.8	31,746.2	59,058.3	61,637.4
Total Nonresidential	125,458.7	148,963.1	304,526.7	157,553.8	189,463.1
New Dwelling Units					
Single Family	847	1,129	1,159	1,136	1,173
Multiple Family	296	132	156	220	347
TOTAL	1,143	1,261	1,315	1,356	1,520

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for calendar years 2015 through 2019.

CITY OF LINDSAY, COUNTY OF TULARE,
STATE OF CALIFORNIA, AND UNITED STATES
Effective Buying Income
2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Lindsay	$117,090	$29,718
	Tulare County	6,301,258	36,706
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Lindsay	$116,860	$27,206
	Tulare County	6,387,143	36,155
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	Lindsay	$128,896	$29,477
	Tulare County	7,199,514	40,423
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Lindsay	$137,173	$31,273
	Tulare County	7,393,927	41,277
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Lindsay	$128,799	$31,598
	Tulare County	7,753,456	43,691
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

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

Transportation

Situated on Highway 99, the County offers excellent transportation access routes throughout California and the Western United States. There are 200 major carriers within 45 minutes of the City of Visalia that provide interstate trucking services. Many communities in the County offer airports for corporate service. Air service is available approximately 45 minutes north at Fresno Yosemite International Airport. San Francisco International Airport is about 3-1/2 hours driving time away.

State Routes 65 and 190 provide vehicular access to many cities throughout the State. Tulare County Area Transit offers transit services in the District and smaller communities throughout the County.

Union-Southern Pacific, Burlington Northern-Santa Fe Railroads are the San Joaquin Valley Rail companies serve Tulare County with extensive spur track, piggyback service, reciprocal switching, and refrigerated shipping.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

October 16, 2019

Board of Education
Lindsay Unified School District
371 East Hermosa Street
Lindsay, California 93247

OPINION: $3,217,145.10 Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified)

$565,000 Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified)

Members of the Board of Education:

We have acted as bond counsel to the Lindsay Unified School District (the "District") in connection with the issuance by the District of its Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified), in the aggregate principal amount of $3,217,145.10, and its Lindsay Unified School District (Tulare County, California) General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified), in the aggregate principal amount of $565,000, dated the date hereof (collectively, the "Bonds") under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and resolutions of the Board of Education of the District (the "Board") adopted on September 23, 2019 (collectively, the "Bond Resolutions"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolutions and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

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

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolutions and the Bonds.

2. The Bond Resolutions have been duly adopted by the Board and constitute valid and binding obligations of the District enforceable against the District in accordance with their terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Tulare is obligated to levy ad valorem taxes

for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

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

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$3,217,145.10
LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2008, Series 2019C
(Bank Qualified)

$565,000
LINDSAY UNIFIED SCHOOL DISTRICT
(Tulare County, California)
General Obligation Bonds
Election of 2012, Series 2019D
(Bank Qualified)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Lindsay Unified School District (the "District") in connection with the issuance of $3,217,145.10 aggregate principal amount of Lindsay Unified School District (County of Tulare, California) General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified), $565,000 aggregate principal amount of Lindsay Unified School District (County of Tulare, California) General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified), (together, the "Bonds"). The Bonds are being issued under resolutions adopted by the Board of Education of the District on September 23, 2019 (together, the "Bond Resolutions"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "Paying Agent").

The District covenants and agrees as follows:

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

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*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).

"*Dissemination Agent*" means, initially, the District, or any successor dissemination agent designated in writing by the District which has filed with the District and the Paying Agent a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

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

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2020 with the report for the 2018-19 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall, in a timely manner, provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the District for the fiscal year for which the annual report is prepared, substantially similar to that provided in the Official Statement:

(i) pension plan contributions made by the District;

(ii) aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District;

(iii) description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year;

(iv) property tax collection delinquencies for the District for the most recently available fiscal year; and

(v) the most recently available fiscal year assessed valuation of taxable properties in the District; and

(vi) assessed valuation of the properties of the top twenty secured property taxpayers in the District for the most recently completed fiscal year.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

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

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

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

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

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

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

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

(9) Defeasances.

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

(11) Rating changes.

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

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

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

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

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

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolutions for amendments to the Bond Resolutions with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the

District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 16, 2019 **LINDSAY UNIFIED SCHOOL DISTRICT**

By: ________________________________
Superintendent

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Lindsay Unified School District
Name of Bond Issue:	$3,217,145.10 aggregate principal amount of Lindsay Unified School District (County of Tulare, California) General Obligation Bonds, Election of 2008, Series 2019C (Bank Qualified)
	$565,000 aggregate principal amount of Lindsay Unified School District (County of Tulare, California) General Obligation Bonds, Election of 2012, Series 2019D (Bank Qualified)
Date of Issuance:	October 16, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the resolutions adopted by the Board of Education of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:____________

DISSEMINATION AGENT

By: ______________________________
Authorized Officer

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

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

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

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APPENDIX G

TULARE COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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TULARE COUNTY

Annual Investment Policy of the Pooled Investment Fund

FISCAL YEAR 2018/2019

Cass Cook
Auditor-Controller /Treasurer-Tax Collector

http://www.tularecounty.ca.gov/treasurertaxcollector/index.cfm/treasurer/documents/

PREFACE

This policy has been researched, prepared, and written under the direction of the Auditor-Controller/Treasurer-Tax Collector and the Chief Deputy Treasurer-Tax Collector of the County of Tulare. Each issue addressed in this policy is considered to be of timely and significant importance to the administration of the investment portfolio. While some portions of this policy are a restatement of State law, it is viewed that these restatements are integral to the purpose and flow of this policy.

The following statements are intended to ensure the achievement of the purpose, goals, and objectives of the investment strategy in an orderly, accurate manner. However, there is no guarantee that problems, errors or losses will not arise in the course of administering the investment of idle funds.

Among the obstacles and deterrents that may affect the achievement of the goals and objectives of the portfolio include but are not limited to the following: unforeseen national or international events or crises, deviation of actual cash flow from forecasted cash flow, unexpected demands on cash flow, policies made with regard to investment in local depositories, errors in data or advice used to make decisions, as well as any other unforeseen aberrations or event that may have an effect on local, national or international financial markets, economies or politics, which in turn has a decided effect upon the portfolio.

Keeping in mind the obstacles and deterrents in pursuing portfolio goals and objectives, this policy is designed to achieve a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices.

Approval Schedule

- County Treasury Oversight Committee
  Approved – May 3, 2018
- Tulare County Board of Supervisors
  Approved – June 26, 2018

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1.0 POLICY

The purpose of the Investment Policy is to facilitate the accomplishment of the County Treasurer's goals and objectives with regard to the investment of idle funds, to provide a framework to carry out the business of administering and investing the idle funds of the County Treasury, and to improve communications between everyone involved and interested in the process of investing and administering the idle funds of the County Treasury.

1.1 MAINTENANCE OF PUBLIC TRUST

The Treasurer has been entrusted with the safekeeping of public monies received from public sources. The County Treasurer shall exercise a high degree of professionalism while managing the investment portfolio, to ensure and sustain public confidence, remembering that both the investment instruments and the methods of transacting investment business are subject to public review and scrutiny.

1.2 PUBLIC INQUIRY

The County Treasurer's portfolio and related transactions are a matter of public record. All districts whose funds are deposited with the Treasurer or any member of the public may obtain a copy of the CAFR, the Treasury Annual Investment Policy, and monthly and quarterly reports including a complete listing of our holdings by visiting the County's web site under the Treasurer department..

2.0 SCOPE

The following investment policy governs the deposit, safekeeping, and investment of all funds under the control of the County Treasurer, as well as all related transactions and investment activities. It does not apply to bond funds or other assets belonging to the County of Tulare, or other affiliated public agency assets that reside outside of the County Treasury Pool. The County's Comprehensive Annual Financial Report (CAFR) identifies the fund types incorporated in the County's Investment Pool to include:

1. General Fund
2. Special Revenue Funds
3. Enterprise Funds
4. Internal Service Funds
5. Fiduciary Funds
6. Any new funds created by the Board of Supervisors

3.0 PRUDENCE

The administration of idle funds of the Tulare County Treasurer, as a fiduciary trustee, shall be performed in accordance with the prudent investor standard as stated in California Government Code §27000.3, §53600.3 and §53646:

> "When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the county treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and other depositors."

Prudence shall be applied in the context of portfolio management. Investment officers and their advisors acting in accordance with written procedures and exercising due diligence, shall be relieved of personal responsibility for individual security's credit risk or market price changes; provided that deviations from expectation are reported to the Treasurer in a timely fashion and appropriate action is taken to control adverse developments.

4.0 LEGAL COMPLIANCE

All investments shall be made in accordance with the County Treasurer's Investment Policy, California Government Code §27000 et. seq., and §53600 et. seq., and any forthcoming amendments or additions to the California Government Code in relation to the investment of local agency idle funds.

5.0 PRIMARY GOALS

The Treasurer's primary goals for the investment of idle funds (the portfolio) are, in order of priority as per California Government Code §27000.5 and §53600.5:

1. Safety – Safety of capital shall mean the safeguarding of capital through the selection of investments and investing procedures to best protect against loss arising from default, fraud, or error. This objective will be obtained through diversification and investment in securities of high quality to minimize credit risk and loss of principal.
2. Liquidity – The investment portfolio shall remain sufficiently liquid to enable the Treasury Pool to meet the operating requirements of its participants which might be reasonably anticipated and shall always have the ability to convert sufficient securities in the portfolio to cash to meet contingency needs.
3. Yield – The investment portfolio shall be designed with the objective of attaining the highest rate of return, taking into consideration income preservation, current market conditions, the present phase of the market cycle, both present and future cash flow needs, and the other primary goals of Safety and Liquidity.

6.0 DELEGATION OF AUTHORITY

The authority to invest /reinvest is delegated for a one year period by the Board of Supervisors to the County Treasurer until revoked or the authority expires in accordance with California Government Code §27000.1, §53607. , §53601 §53635 and, the Tulare County Ordinance 1-03-2061, the County Treasurer shall be responsible for the investment of the County's funds (including the purchase, sale, or exchange of securities), the monitoring and reviewing of all investments for consistency under this investment policy.

The Treasurer shall have the responsibility to execute investment transactions on a day to day basis and shall establish a system of internal controls to regulate the investment activities. When circumstances warrant, the responsibility to execute investment transactions may be delegated to the Chief Deputy Treasurer/Tax Collector, Chief Accountant-Treasury and/or the Investment Officer. The County may engage the services of one or more external investment managers to assist in the management of the Investment portfolio in a manner consistent with the County's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Each external manager assigned any portion of the portfolio must individually comply with the investment parameters established by this policy. Such managers must be registered under the Investment Advisors Act of 1940.

NO PERSON MAY ENGAGE IN AN INVESTMENT TRANSACTION EXCEPT AS PROVIDED UNDER THE LIMITS OF THIS POLICY AND THE PROCEDURES ESTABLISHED BY THE AUDITOR-CONTROLLER/TREASURER-TAX COLLECTOR.

7.0 CONFLICT OF INTEREST

The Auditor-Controller/Treasurer-Tax Collector, the Treasury Oversight Committee, and Treasury staff involved with the investment process shall not engage in any profession, trade, business or occupation which is incompatible or involves a conflict of interest with his/her duties; or which may reflect unfavorably on the County, the appointing authority, or on fellow employees.

California Government Code §27133(d) requires limits to be set on the 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 Treasury Oversight Committee and 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 establishes a limit on the amount of honoraria, gifts and gratuities that a committee member may receive from a single source in a calendar year that is consistent with the Fair Political Practices Commission. This limit may be in addition to the limits set by a committee member's own agency or by state law.

As part of the Treasury Oversight Committee audit, annual compliance confirmation are sent to each committee member. Each member is requested to confirm they are or are not in compliance with Government Code §27132.1 and §27132.2 which states;

Government Code §27132.1 a member may not be employed by an entity that has contributed to a re-election campaign of the local treasurer or a member of the legislative body of the local agency in the previous three years; Government Code §27132.2 a member may not directly or indirectly raise money for the county treasurer or a member of the board of supervisors while a member of the committee.

8.0 BROKER/DEALER AND DEPOSITORY INSTITUTION RELATIONSHIPS

8.1 APPROVED LIST OF BROKER/DEALER INSTITUTIONS

The County Treasurer shall approve and maintain a list of broker/dealers and direct issuers authorized to provide investment services to the County pursuant to California Government Code §53601.5. All investments must be made with institutions that have been approved by the County Treasurer prior to investing. The County's external investment advisors may use their own list of approved broker/dealers and financial institutions for investment purposes. The advisor shall submit the list of approved broker/dealers to the County on a quarterly basis for review. The criteria for approval is described in a separate Investment Guidelines and Procedures Manual maintained by the Treasurer's Office.

8.2 APPROVED LIST OF DEPOSITORY INSTITUTIONS

The County Treasurer shall approve and maintain a list of depository institutions authorized to purchase Certificates of Deposit and Time Deposits. This list will be reviewed on an annual basis by the County Treasurer. An institution must meet the following criteria to be considered by the County Treasurer for deposits described in section (L) of the AUTHORIZED INVESTMENT INSTRUMENTS section of this policy:

1) The institution must be located in California.
2) The institution must have current financial information, a signed contract and waiver on file with the agency.
3) The institution must maintain a net worth to asset ratio of at least 3% and have a positive earnings record.
4) The institution must be at least 3 years old.
5) For collateralized investments, the institution must have at least $100 million in assets and collateralize their TCD's in accordance with §53651 and §53652 of the California Government Code.
6) The institution shall have received an overall rating of not less than "satisfactory" in its most recent Community Reinvestment Act evaluation.

9.0 TERMS FOR FUNDS INVESTED WITH THE POOL

California Government Code §27133(h) and §27136requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is held responsible for overseeing, are to be invested. The Treasurer must take into account the current financial condition of the sum total of the Pools' agencies, the conditions of the market place, the cash flow projections as well as the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the Pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all those affected.

9.1 FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL

Funds will be accepted at all times, in the manner prescribed, from those agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Investment Pool. Funds will earn interest based on the average daily balance apportioned on a quarterly basis.

The Treasury Pool's cash management plan provides for adequate liquidity to cover day-to-day operations of pool participants. The County Treasurer will honor all requests to withdraw funds for normal operations that are approved by the County Auditor at a one-dollar net asset value. To accommodate large withdrawals that exceed those normally associated with operations, the following written notification requirements must be followed to allow for adjustments to the liquidity position of the pool.

- Withdrawals of up to $ 5,000,000……………………….24 hours
- Withdrawals of up to $10,000,000……………………….48 hours
- Withdrawals of up to $10,000,001 and above ………...72 hours

Should a legislative body of a local agency determine that certain funds will not be required by the local agency for a period of at least one year, the local agency may petition the County Treasurer to invest that portion of the local agency's excess funds in a specific investment under the control of the County Treasurer. Such a petition should specifically state the nature of the funds the legislative body wishes to invest, and the reasons why the legislative body believes a specific investment is a preferable and viable alternative to the general Pools participation. Should the Treasurer determine that the request for a specific investment is valid and not overly counter-productive as to the Pool as a whole, the Treasurer will consult with the local agency's legislative body, or its appointed representative, to suggest and determine exactly what investment(s) should be purchased to fulfill the needs of the local agency. The Treasurer will then purchase the specific investment(s) upon receipt of a written resolution issued by the legislative body of the local agency, requesting the specific investment. The resolution must acknowledge that the local agency's legislative body takes full responsibility for the decision to purchase the specific investment(s), and that should conditions change requiring a sale prior to maturity of the specific investment(s), any loss that might be suffered as a result, will be solely that of the local agency, and that this loss shall not be shared by the Pool as a whole, nor by the County.

Under language added to the California Government Code §27133(h) and §27136 in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time without specific permission of the Treasurer. Any such investments shall be either terminated and all funds returned to the Pool, or the securities so purchased must be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

9.2 MONEY VOLUNTARILY INVESTED WITH THE POOL

Pursuant to Government Code §53684, the County Treasurer shall limit the amounts and set conditions under which money from local agencies, not required to have their funds in the investment Pool, may deposit and withdraw voluntarily invested funds. Funds from local agencies within the County, voluntarily wishing to participate in the Pool, will not be accepted under normal conditions unless the Treasurer is assured that these funds are in lieu of longer term investments. Such deposits are subject to withdrawal restrictions for a set minimal term as to be agreed to prior to the funds being accepted into the Pool, and may not be withdrawn at any time without a minimum of 30 days notice of "intent to withdraw".

Under normal conditions, voluntary money withdrawn from the Pool will be disbursed on a dollar for dollar basis, plus appropriate interest, but under adverse market conditions, when the Treasurer deems the withdrawal of voluntary funds would cause undue losses or significantly lower earnings for those local agencies remaining within the Pool, the Treasurer may require one or more of the following remedies:

1. Restrict the percentage of funds that may be withdrawn in any given month;
2. Restrict the rate at which the funds may be withdrawn;
3. Require the local agency withdrawing their funds to accept their funds based on the current market value of the overall Pool.

These terms will be agreed to and contracts signed prior to any voluntary money being accepted into the County Investment Pool. Such terms may exceed minimum requirements set forth in the Government Codes.

Specific investments are not normally permitted with voluntary funds, though on a cost recovery basis and under circumstances that dictate such activity, exceptions may be permitted.

9.3 INCOME APPORTIONMENT

Pursuant to Government Code §27013 ansd §53684.b, the County Treasurer calculates and records all interest earned, received, and accrued for the Investment Pool on a daily basis. The apportionment of investment earnings to the various participants in the Investment Pool is done at the end of each calendar quarter. The apportioned amount is computed as follows:

$$\text{Participating Share of Pool Income} = \frac{\text{(Fund's Avg. Daily Equity x Pool Total Income)}}{\text{Total Pool Average Daily Equity}}$$

10.0 AUTHORIZED INVESTMENT INSTRUMENTS

The following defines in detail the parameters of each approved investment type. Any instrument not expressly permitted is prohibited. Specific limitations are provided on the maximum allowable percentage per investment category and further limitations by issuer within each investment category. With the exception of insured and/or collateralized bank deposits, overnight repurchase agreements, U.S. Government securities, including its agencies and instrumentalities, and authorized pools, no more than 10% of the County's aggregate investment portfolio may be invested in securities of a single issuer. Where there is a percentage limitation for a particular category of investment, that percentage is only applicable at the time of purchase. If at the end of any quarter, any percentage in any restricted security is higher than the maximum allowed by category at time of purchase, the Treasurer shall take action within 90 days, to adjust the portfolio holdings so that the percentages are brought within the percentage limits.

A. Bonds issued by the County of Tulare, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the County of Tulare or by a department, board, agency, or authority of the County of Tulare.

B. United States Treasury bills, notes, bonds or certificates of indebtedness or those for which faith and credit of the United States are pledged for principal and interest.

C. Registered treasury notes or bonds of any of the 49 United States in addition to the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to the State of California. No more than 30% of the total portfolio may be invested in a combination of securities authorized by this paragraph and paragraph D, below.

D. Bonds, notes or warrants of the State of California and any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency. No more than 30% of the total portfolio may be invested in a combination of securities authorized by this paragraph and paragraph C, above.

E. Federal agency or United States government - sponsored enterprise obligation, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government - sponsored enterprises, per California Government Code §53601. No more than 75% of the total portfolio may be invested in Agency Securities.

F. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as Bankers Acceptances, the short-term paper of which is rated in the highest category by a nationally recognized rating service. Purchases of Bankers Acceptances may not exceed 180 days maturity or 40 percent of the total portfolio which may be invested pursuant to this section.

G. Commercial Paper. Commercial paper (excluding Rule 144A issues) of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

   (1) The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation. (B) Has total assets in excess of five hundred million dollars ($500,000,000). (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization.

   (2) The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

   Purchases of eligible commercial paper shall not exceed 270 days maturity nor represent more than 5 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 40 percent of the County's total portfolio. (California Government Code §53635)

H. Negotiable Certificates of Deposit (California Government Code §53601.(i)) issued by a nationally or state-chartered bank or a savings association or federal association or a state or federal credit union or a federally-licensed or state-licensed branch of a foreign bank; provided that the senior debt obligations of the issuing institution are rated in a rating category of "A" or its equivalent or better by a nationally recognizing rating service. Purchases of negotiable certificates of deposit may not exceed 30 percent of the total portfolio which may be invested pursuant to this section. For the purpose of this section, negotiable certificates of deposit do not come within Article 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government code, except that the amount so invested shall be subject to the limitations of §53638.

I. Authorized by California Government Code §53601 and/or §53635.

(1) Investment in Repurchase Agreements or Reverse Repurchase Agreements of any securities authorized by California Government Code §53601 & §53635.

(2) Investment in Repurchase Agreements may be made on any investment authorized in California Government Code §53601 and §53635 when the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily fluctuation, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day. No more than 50% of the total portfolio may be invested in overnight repurchase agreements.

(3) Reverse Repurchase Agreements may be utilized only when the following conditions are met: The security to be sold on Reverse Repurchase Agreement has been owned and fully paid for by the County of Tulare for a minimum of 30 days prior to sale, and the total of all Reverse Repurchase Agreements on investments owned by the local agency does not exceed 20 percent of the base portfolio, and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of the security using a Reverse Repurchase Agreement and the final maturity date of the same security.

(4) A Reverse Repurchase Agreement may not be entered into as a means of financing or paying for the security sold on a Reverse Repurchase Agreement, but may only be entered into in order to supplement the yield on securities owned and previously paid for or to provide funds for the immediate payment of an obligation of Tulare County.

(5) Investments in Reverse Repurchase Agreements or similar investments in which the local agency sells securities prior to purchase, may only be made upon prior approval of the Board of Supervisors of the County of Tulare and are limited to no more than 20% of the total portfolio.

(6) (a) "Repurchase Agreement" means a purchase of securities by the agency pursuant to an agreement by which the counter party seller will repurchase the securities on or before a specified date and for a specified amount and the counter party will deliver the underlying securities to the agency's pool by book entry, physical delivery, or by third party custodial agreement. The transfer of underlying securities to the counter party bank's customer book-entry account may be used for book-entry delivery.

(b) "Securities", for the purpose of repurchase, means securities of the same issuer, description, issue date, and maturity.

(c) "Reverse Repurchase Agreement" means a sale of securities by the County Treasury pursuant to an agreement by which the agency will repurchase the securities on or before a specified date, and includes other comparable agreements.

(d) The base value of the County Treasury Pools portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pools by all pool participants, excluding any amounts obtained through selling securities by way of Reverse Repurchase Agreements or other similar borrowing methods.

(e) The spread is the difference between the cost of funds obtained using the Reverse Repurchase agreement and the earnings obtained on the reinvestment of the funds.

J. Medium-Term Notes with a maximum of five years' maturity 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 its equivalent or better by a nationally recognized rating service. Purchases of Medium-Term Notes may not exceed 30 percent of the agency's total portfolio which may be invested.

K. 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 highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

(2) Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of five hundred million dollars ($500,000,000). The purchase price of shares of beneficial interest purchased, shall not include any commission that these companies may charge and shall not exceed 15 percent of the agency's total portfolio which may be invested pursuant to §53635 of the California Government Code.

L. FDIC insured or collateralized savings accounts, market rate accounts, certificates of deposits and other bank deposits in a state or national bank, savings association or federal association, a state or a federal credit union located in California. Any financial institution accepting County funds for deposit must comply with the requirements of Government Code §53630 et seq., including collateralization of deposits. The County may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance. As provided by Government Code §53649, the County shall have a signed contract with each financial institution that has County funds on deposit.

M. Deposits at a commercial bank, savings bank, savings and loan association, or credit union placed through a deposit placement service that comply with the requirements under Government Code §53601.8 and §53635.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by Federal Deposit Insurance.

N. Local Agency Investment Fund (LAIF). The maximum balance that can be held in the fund is the maximum amount permitted by State Treasury policy.

O. Managed Investment Pool's pursuant to California Government Code §53601(p) for which shares of beneficial interest issued by a joint powers authority organized pursuant to California Government Code §6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

P. Asset Backed Securities, Mortgage pass through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease backed certificates, consumer receivable pass-through certificates, or consumer receivable backed bonds, provided that such securities :

(1) Have a maximum remaining stated final maturity of five years.

(2) Be issued by an issuer rated in a rating category of "A" or its equivalent or better for the issuer's debt as provided by a nationally recognized statistical-rating organization.

(3) Be rated in a rating category of "AA" or its equivalent or better by a nationally recognized statistical-rating organization.

(4) Purchase of securities authorized by this subdivision may not exceed an accumulative total of 20 percent of the total portfolio. Non-Federal Agency issuers under this subsection are further limited to 10% of the portfolio.

(5) Purchase of securities authorized by this section is limited to the portion of the portfolio managed by an Investment Advisor on behalf of the County Treasurer.

Q. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by a nationally recognizing rating service and shall not exceed 30 percent of the total portfolio that may be invested pursuant to this section.

11.0 INELIGIBLE SECURITIES

1. Securities Lending
2. Inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages.
3. A local agency shall not invest any funds in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited investments purchased prior to January 1, 1996 until their maturity dates.
4. Financial futures and options.

12.0 REVIEW AND ANALYSIS OF PROSPECTIVE INVESTMENTS

The securities held by the Treasurer must be in compliance with Section 10 Authorized Investment Instruments at the time of purchase. Because some securities may not comply with Section 10 subsequent to the date of purchase, the Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The Treasurer report to the Board of Supervisors and to its oversight committee, major and critical incidences of noncompliance identified through the review of the portfolio.

Due to the complexity of the various investment instruments available and uncertainty of market conditions the Treasurer may seek professional advice in making investment decisions in order to optimize investment selections, subject to §1-03-2062 of the Tulare County Ordinance Code.

13.0 COMPETITIVE BIDDING

When executing a transaction, the County and its external investment advisors shall seek bids or offerings from at least three broker/dealers on the approved list.

14.0 SAFEKEEPING

As required by California Government Code §53601, §53608 and §53635 all investment instruments in a negotiable, bearer, registered, or non-registered format, shall be delivered to the County of Tulare’s custodial bank by using book entry or physical delivery. The “delivery vs. payment” purchase procedure shall be used. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts. No securities will be held by the broker/dealer from whom they were purchased.

15.0 POOL INVESTMENT PARAMETERS

Allowable Instruments	County Maximum % of Portfolio	Code Maximum % of Portfolio	County Maximum Maturity	Code Maximum Maturity	County % per Issuer[1]
U.S. Treasury Obligations (§53601(b))	100	100	5 Years	5 Years	100
U.S. Agency Obligations or U.S. Government Sponsored Enterprises (§53601(f))	75	100	5 Years	5 Years	100
Supranational Obligations (§53601(q))	30	30	5 Years	5 Years	10
Medium Term Notes (Corporate) (§53601(k))	30	30	5 Years	5 Years	10
Mortgage and Asset Backed Securities ((§53601(o))	20	20	5 Years	5 Years	10
Bankers' Acceptances (§53601(g))	40	40	180 Days	180 Days	10
Negotiable Certificates of Deposit (§53601(i))	30	30	5 Years	5 Years	10
Repurchase Agreement (§53601(j))	50	None	30 Days	1 Year	N/A
Reverse Repurchase Agreements (§53601(j))	20	20	92 Days	92 Days	10
Bank Time Deposits (§53630 et seq.)	30	None	3 Years	None	25
Bank Deposits – through deposit placement service (§53601.8)	30	30	3 Years	None	25
Money Market Accounts (§53630 et seq.)	50	None	N/A	None	25
Commercial Paper (§53601(h) and (§53635(a))	40	40	270 Days	270 days	10
Money Market Funds (§53601(l))	15	20	N/A	N/A	10
Obligations issued by a State or local agencies within California or any of the other 49 United States (§53601(d)(e))	30	100	5 Years	5 Years	10
Tulare County (§53601(a))	15	100	5 Years	5 Years	10
L.A.I.F. (§16429.1)	Maximum Allowed	Per State Treasury Policy	N/A	N/A	N/A
Managed Investment Pool pursuant to GC §53601(p)	50	None	N/A	N/A	N/A

[1] With the exception of insured and/or collateralized bank deposits, overnight repurchase agreements, U.S. Government securities, including its agencies and instrumentalities, and authorized pools, no more than 10% of the County's aggregate investment portfolio may be invested in securities of a single issuer. Commercial paper is further limited to 5% of the outstanding paper of the issuing corporation.

16.0 MAXIMUM MATURITIES

No investment shall be made in any security with a maturity greater than five years, unless it is approved by the Board of Supervisors no less than three months prior to investment. Some investments are restricted to terms less than five years. These maturity limitations are described in this policy. The term "maturity" in this Policy is defined as an instrument's stated legal final redemption date. The dollar-weighted average maturity of the portfolio shall not exceed 3.5 years.

17.0 INTERNAL CONTROLS

Pursuant California Government Code §27130 thru §27137, and the Tulare County Ordinance 1-05-1070 the Board of Supervisors, in consultation with the County Treasurer has created a County Treasury Oversight Committee to promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return of their funds through the establishment of criteria for the withdrawal of funds. The County of Tulare Treasury Oversight Committee shall annually review and monitor the Investment Policy and cause an annual audit to provide internal controls by assuring the Treasurer's compliance with the Investment Policy. Nothing in this policy shall be construed to allow the County Treasury Oversight Committee to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the County Treasury.

In compliance with §27132 of the California Government Code, the County Treasurer Oversight Committee shall consist of the following:

a) The County Auditor-Controller/Treasurer-Tax Collector
b) A representative appointed by the Board of Supervisors or his/her designee
c) The Superintendent of Schools or his designee
d) A School District designee
e) A Special District designee
f) Two members of the public with expertise, or academic background in public finance.

18.0 PERFORMANCE MEASUREMENT

The investment portfolio will be managed in accordance with the parameters specified within this policy. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The investment performance objective for the portfolio shall be to earn a total rate of return which is approximately equal to or greater than the return on a portfolio/index of securities with commensurate risk. These will include the Local Agency Investment Fund (LAIF) and the average two-year Treasury note. The investment performance measurement benchmarks for the Investment Managers/Advisors shall be stated on the quarterly report based on current contractual agreements. Additional indexes may be used and presented for comparison purposes only.

19.0 REPORTING

The Treasurer provides a quarterly Investment Report to the Board of Supervisors, County Administrative Officer, the County Auditor, and the Oversight Committee, within thirty (30) days following the end of the quarter covered by the report. The quarterly investment report contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;

B. A description of any funds, investments that are under the management of contracted parties;

C. The market value as of the date of the report, and the source of this valuation for any security within the Treasury or under management by contract;

D. The weighted average maturity of investments within the Treasury;

E. Purchase dates, book values, and current credit rating of issuers;

F. Yield to maturity;

G. Overall portfolio yield based on cost;

H. Statement that the portfolio is in compliance with the Investment Policy or the manner in which the portfolio is not in compliance;

I. A statement denoting the County's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient money shall not be available.

In addition to the Quarterly reports. The Treasury also provides a monthly summary Investment Report to the Board of Supervisors, County Administrative Officer, the County Auditor, and the Oversight Committee. The monthly investment reports contains, but is not limited to, the following investment information:

A. The type of investment, name of issuer, date of maturity, par and dollar amount invested in all securities, investments, and monies;

B. A description of any funds, investments that are under the management of contracted parties;

C. The market value as of the date of the report, and the source of this valuation for any security within the Treasury or under management by contract;

D. The weighted average maturity of investments within the Treasury;

E. Purchase dates, book values, and market values;

F. Yield to maturity;

G. Statement that the portfolio is in compliance with the Investment Policy or the manner in which the portfolio is not in compliance;

20.0 INVESTMENT POLICY ADOPTION

The Tulare County Treasurer's Investment Policy Statement for the Pooled Investment Fund is presented annually to the Treasury Oversight Committee for review and to the County Board of Supervisors for approval as recommended by California Government Code §53646 and §27133 and shall remain in effect until the succeeding policy is adopted.

21.0 GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by a government–sponsored entity (GSE), or a federally related institution. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASKED. The price at which a seller offers to sell a security.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER’S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The price at which a buyer offers to buy a security.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). The official annual report of the Tulare County Investment Pool. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical sections.

COST YIELD. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT YIELD. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

FEDERAL CREDIT AGENCIES. Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to $250,000 per entity.

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA). FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC). Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR GINNIEMAE).–Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. GinnieMae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe GinnieMaes.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). 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. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MARKING TO MARKET. The process of posting current market values for securities in a portfolio.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).
A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, 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).

OFFER. The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

Open Market Operations. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Portfolio. Collection of securities held by an investor.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Primary Dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent Person (Prudent Investor) Rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Qualified Public Depositories. A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

Rate of Return. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

Realized Yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Repurchase Agreement (REPO). Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

Reverse Repurchase Agreement (Reverse REPO). A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Secondary Market. A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission (SEC). Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15(C)3-1: See Uniform Net Capital Rule.

Structured Note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

UNIFORM NET CAPITAL RULE. Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

California Municipal Treasurers Association

Investment Policy Certification

Issued on 10/20/2017

County of Tulare Treasury Department

The California Municipal Treasurers Association certifies that the investment policy of the County of Tulare Treasury Department complies with the current State statutes governing the investment practices of local government entities located within the State of California.

President

10/26/17

Date

County of Tulare
221 S Mooney Blvd Room 103E
Visalia, California 93291-4593

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collector

Paul Sampietro, Chief Deputy Treasurer-Tax Collector

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Fax: (559) 730-2532
www.tularecountytax.com

August 29 2019

TREASURER'S MONTHLY INVESTMENT REPORT
MONTH ENDING JULY 31, 2019

Honorable Board of Supervisors:

This report reflects the investment activity for the month ending July 31, 2019 of pooled funds on deposit with the Treasurer and is in compliance with California Government Code §27000, etc., §53600, etc., Tulare County Ordinance 1-03-2061 and the Treasurer's Statement of Investment Policy dated July 2019.

INVESTMENT GOALS – The first and primary goal is SAFETY and the preservation of capital. The second goal is the continual maintenance of LIQUIDITY. Tulare County has the ability to convert sufficient securities to cash to cover the cash flow of the County and all of its investment agencies to meet any contingency needs during the next six months. The third goal in order of importance is YIELD, or earning a reasonable rate of return representative of current market conditions and the present phase of the market cycle while remaining in compliance with all state laws and the Treasurer's written investment policy.

Attached is a statement containing summaries of the portfolio composition, credit ratings, maturity distribution, portfolio master summary and other information designed to give a better understanding of the investment activity that has occurred during the month ending July 31, 2019.

Respectfully submitted,

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collector

CC/fv

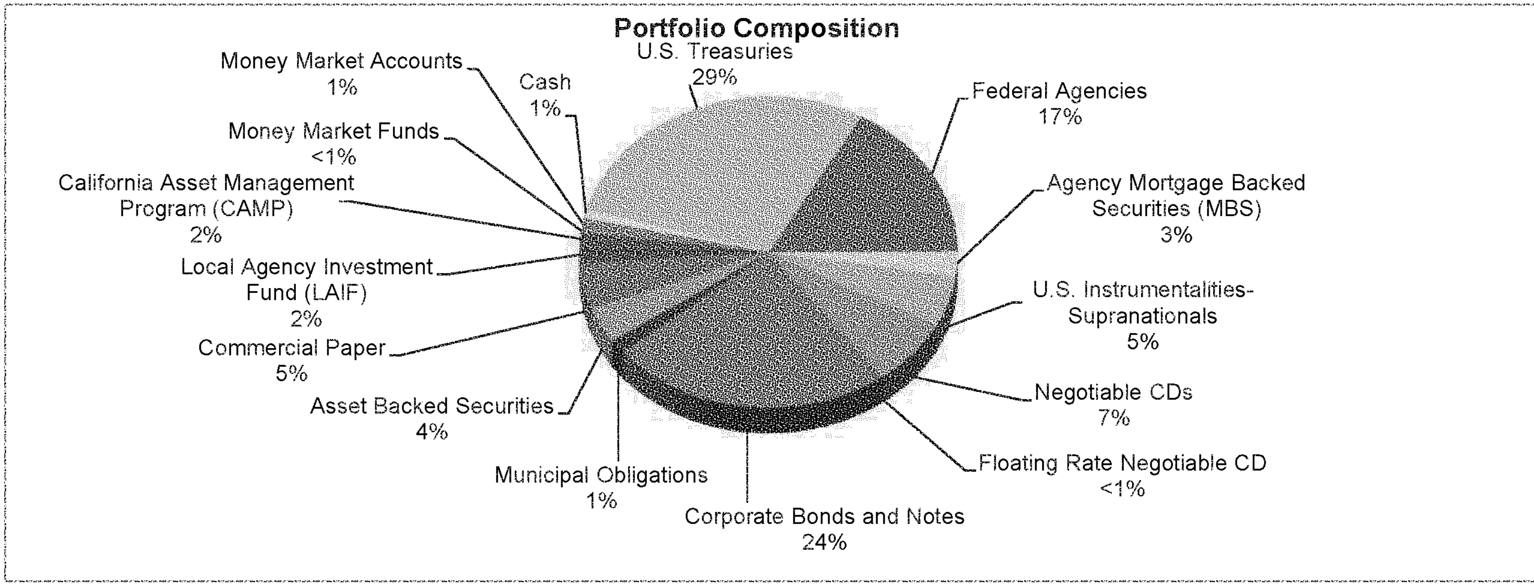
Tulare County Investment Report
July 31, 2019

A listing of Tulare County investments is shown below.

Portfolio Composition	Book Value	Market Value*	% of Portfolio**	Permitted by Policy
U.S. Treasuries	432,539,109	436,481,622	29%	100%
Federal Agencies	252,823,972	254,599,924	17%	75%
Agency Mortgage Backed Securities (MBS)	37,907,740	37,795,656	3%	75%
U.S. Instrumentalities-Supranationals	79,032,995	79,239,640	5%	30%
Negotiable CDs	101,675,070	102,232,040	7%	30%
Floating Rate Negotiable CD	4,730,000	4,740,974	<1%	30%
Corporate Bonds and Notes	365,596,743	368,262,801	24%	30%
Municipal Obligations	21,680,000	21,679,513	1%	30%
Asset Backed Securities	56,249,796	56,465,617	4%	20%
Commercial Paper	70,691,330	70,732,000	5%	40%
Local Agency Investment Fund (LAIF)	25,478,014	25,478,014	2%	$65 million
California Asset Management Program (CAMP)	23,712,537	23,712,537	2%	50%
Money Market Funds	796,046	796,046	<1%	15%
Money Market Accounts	20,309,145	20,309,145	1%	50%
Cash	13,888,514	13,888,514	1%	100%
Total	**$1,507,111,012**	**$1,516,414,042**	**100%**	

* Market Prices were provided by the Union Bank of California.

** Detail may not add to total due to rounding.



The average weighted credit rating of Tulare County's portfolio is AA*.

Credit Ratings

	Book Value	% of Portfolio
AAA	$141,520,797	9%
A-1+/A-1 (Short-Term Rating)	$130,984,647	9%
AA	$813,680,861	54%
A	$306,212,081	20%
BBB**	$21,157,915	1%
Not Rated***	$59,357,052	4%
Cash****	$34,197,660	2%
Total	**$1,507,111,012**	**100%**

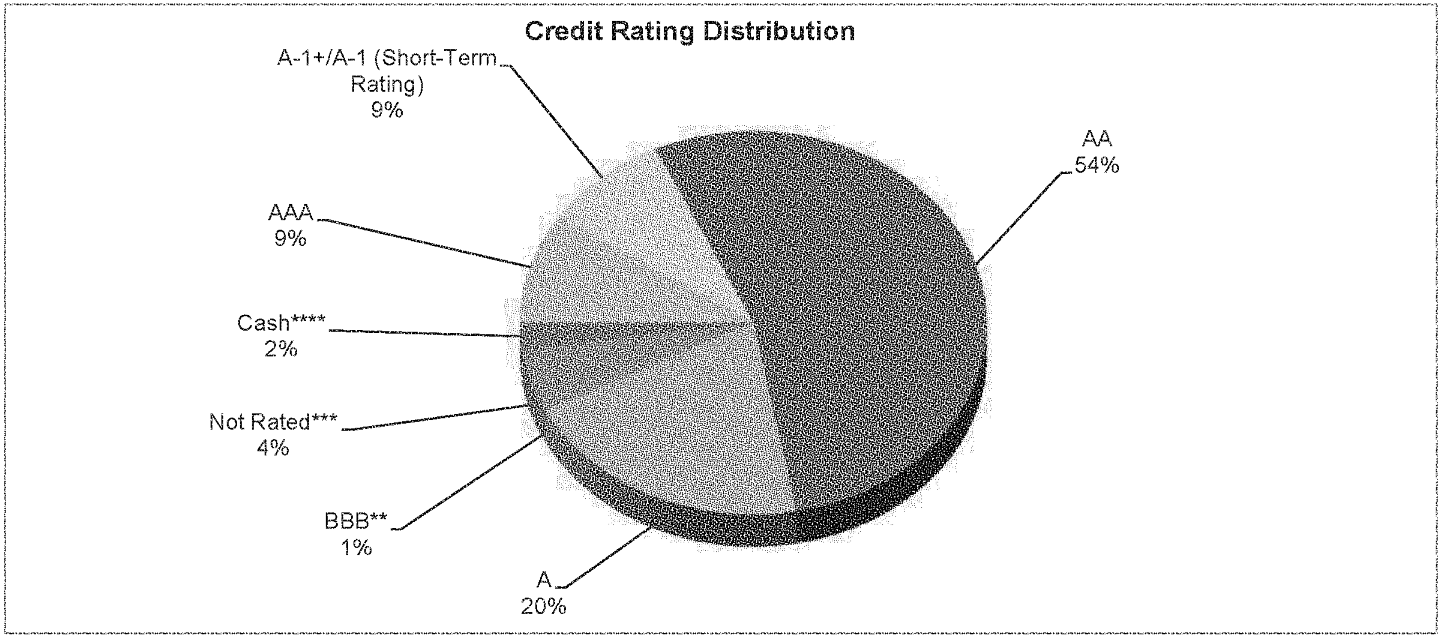
Ratings by Standard & Poor's (S&P). Includes all ratings in this category (e.g., A-, A, A+).

* Average weighted credit rating was calculated using S&P ratings. Cash/overnight securities were not included in the calculation.

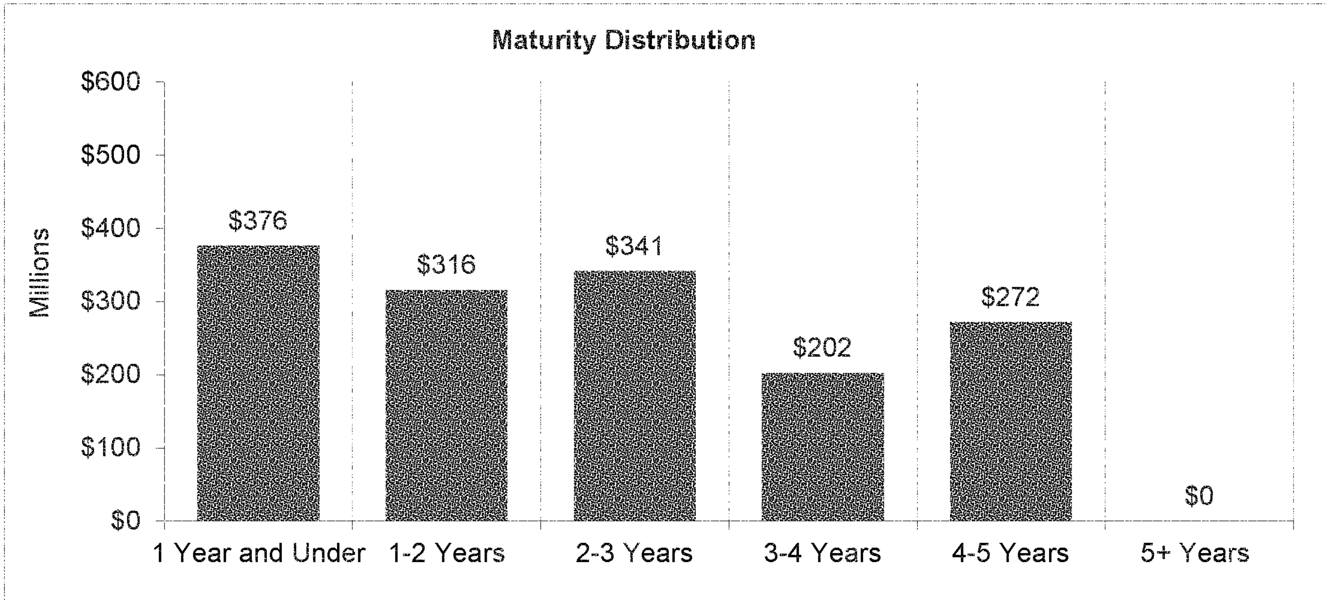
** Securities rated in the BBB category by S&P are rated A- or the equivalent or better by at least one NRSRO or were rated A- or the equivalent or better by at least one NRSRO at time of purchase.

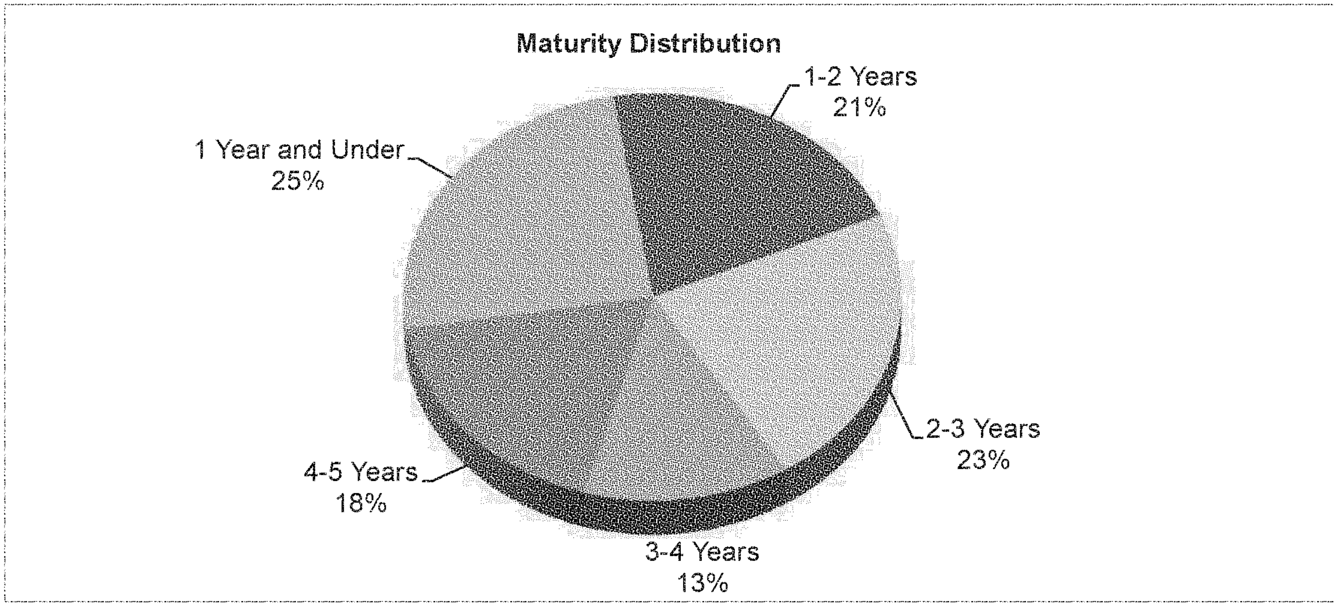
*** The portion of the portfolio that is invested in LAIF, the State of California pooled investment fund, is not rated. The remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

**** Fully collateralized in accordance with California government code.



The portfolio has a high degree of liquidity.





* Maturity Distribution values represent Book Valuation and are rounded to the nearest million.

Other Portfolio Characteristics

Average daily balance:	$1,561,945,792
Weighted average number of days to maturity:	796 Days
Weighted average years to maturity:	2.18 Years
Effective rate of return:	2.30%

Tulare County Treasurer
Portfolio Management
Portfolio Summary
July 31, 2019

Tulare County
County Civic Center, Room 103E
Visalia, CA 93291
(559)636-5290

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Cash	13,888,514.17	13,888,514.17	13,888,514.17	0.92	1	1	0.998	1.012
Money Market Accounts	20,309,145.34	20,309,145.34	20,309,145.34	1.35	1	1	2.288	2.320
Money Market Fund	796,045.75	796,045.75	796,045.75	0.05	1	1	2.249	2.280
Managed Investment Pools	49,190,550.63	49,190,550.63	49,190,550.63	3.26	1	1	2.431	2.464
Commercial Paper Disc. -Amortizing	71,000,000.00	70,732,000.00	70,691,330.27	4.69	199	61	2.659	2.696
Negotiable CD's	101,685,000.00	102,232,039.75	101,675,070.45	6.75	655	323	2.744	2.782
Negotiable CDs - Floating Rate	4,730,000.00	4,740,973.60	4,730,000.00	0.31	731	253	2.832	2.871
Treasury Securities - Coupon	434,765,000.00	436,481,621.80	432,539,109.39	28.70	1,509	1,141	2.096	2.125
Agency Issues - Fixed Coupon	252,915,000.00	254,599,924.10	252,823,972.22	16.77	1,315	902	2.040	2.068
Agencies - Mortgage Backed	37,248,838.19	37,795,656.13	37,948,660.96	2.52	1,195	962	1.668	1.692
Supranationals	79,339,000.00	79,239,640.05	79,032,995.14	5.24	863	460	2.181	2.211
Municipal Bonds	1,680,000.00	1,679,512.80	1,680,000.00	0.11	1,686	61	1.656	1.679
Corporte Notes & Bonds	364,645,000.00	368,262,801.08	365,596,743.35	24.26	1,129	770	2.601	2.637
Asset Backed	56,476,958.85	56,465,617.01	56,249,795.77	3.73	1,450	934	2.139	2.169
Promissory Notes	20,000,000.00	20,000,000.00	20,000,000.00	1.33	1,825	1,613	3.176	3.220
Investments	**1,508,669,052.93**	**1,516,414,042.21**	**1,507,151,933.44**	**100.00%**	**1,139**	**796**	**2.294**	**2.326**

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	3,050,858.48	3,050,858.48
Average Daily Balance	**1,561,945,792.24**	**1,561,945,792.24**
Effective Rate of Return	**2.30%**	**2.30%**

Cass Cook, CFIP
Auditor-Controller/Treasurer-Tax Collectore

Reporting period 07/01/2019-07/31/2019

Run Date: 08/06/2019 - 15:27

Portfolio CNTY
AC
PM (PRF_PM1) 7.3.0
Report Ver. 7.3.6.1

LIP ACCOUNT
Portfolio Management
Portfolio Details - Investments
July 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Cash												
SYS0002	0002	UNION BANK - CHECKING			13,540,183.40	13,540,183.40	13,540,183.40	1.000		1.014	1	
SYS0002B	0002B	UNION BANK - CHECKING			319,669.35	319,669.35	319,669.35	1.000		1.014	1	
SYS0002A	0002A	BANK OF THE SIERRA		07/01/2019	15,915.00	15,915.00	15,915.00			0.000	1	
SYS0001	0001	CASH IN VAULT		07/01/2019	12,746.42	12,746.42	12,746.42			0.000	1	
		Subtotal and Average	**12,409,723.28**		**13,888,514.17**	**13,888,514.17**	**13,888,514.17**			**1.012**	**1**	
Money Market Accounts												
SYS5833	5833	SUNCREST BANK			20,309,145.34	20,309,145.34	20,309,145.34	2.320		2.320	1	
		Subtotal and Average	**20,309,145.34**		**20,309,145.34**	**20,309,145.34**	**20,309,145.34**			**2.320**	**1**	
Managed Investment Pools												
SYS4339-A	4339-A	CALIFORNIA ASSET MANAGEMENT PR			23,712,536.55	23,712,536.55	23,712,536.55	2.480	AAA	2.480	1	
SYS9980	9980	LOCAL AGCY INVESTMENT FD			25,478,014.08	25,478,014.08	25,478,014.08	2.450		2.450	1	
		Subtotal and Average	**97,222,369.80**		**49,190,550.63**	**49,190,550.63**	**49,190,550.63**			**2.464**	**1**	
Commercial Paper Disc. -Amortizing												
22533UWL3	5901	CREDIT AGRICOLE CIB NY		12/28/2018	5,000,000.00	4,984,300.00	4,980,208.33			2.980	50	09/20/2019
22533UWG4	5909	CREDIT AGRICOLE CIB NY		01/18/2019	5,000,000.00	4,985,550.00	4,982,750.00	2.700		2.808	46	09/16/2019
22533UV75	5884	CREDIT ARGICOLE NORTH AMERICA		12/11/2018	5,000,000.00	4,998,100.00	4,997,625.00	2.850		2.975	6	08/07/2019
2254EBVP3	5870	CREDIT SUISSE NEW YORK		11/28/2018	5,000,000.00	4,993,050.00	4,990,894.44	2.980		3.112	22	08/23/2019
2254EBVC2	5886	CREDIT SUISSE NEW YORK		12/12/2018	5,000,000.00	4,996,500.00	4,995,600.00	2.880		3.008	11	08/12/2019
2254EBZT1	5953	CREDIT SUISSE NEW YORK		04/04/2019	5,000,000.00	4,955,000.00	4,947,377.78	2.560		2.682	148	12/27/2019
60680BY42	5983	MITSUBISHI INTL CORP		07/30/2019	5,000,000.00	4,970,850.00	4,971,895.84	2.130		2.172	95	11/04/2019
62479MW58	5940	MUFG BANK LTD/NY		03/27/2019	10,000,000.00	9,977,900.00	9,975,256.94	2.545		2.610	35	09/05/2019
62479MVT7	5967	MUFG BANK LTD/NY		04/30/2019	3,000,000.00	2,995,050.00	2,994,540.00	2.520		2.576	26	08/27/2019
62479MVC4	5977	MUFG BANK LTD/NY		07/19/2019	8,000,000.00	7,994,400.00	7,994,377.78	2.300		2.336	11	08/12/2019
89233HZ23	5932	TOYOTA MOTOR CREDIT CORP		03/08/2019	5,000,000.00	4,962,600.00	4,955,583.33	2.600		2.730	123	12/02/2019
89233HYT5	5946	TOYOTA MOTOR CREDIT CORP		04/01/2019	5,000,000.00	4,963,800.00	4,958,700.00	2.520		2.637	118	11/27/2019
89233HZW7	5952	TOYOTA MOTOR CREDIT CORP		04/04/2019	5,000,000.00	4,954,900.00	4,946,520.83	2.550		2.671	151	12/30/2019
		Subtotal and Average	**68,262,735.12**		**71,000,000.00**	**70,732,000.00**	**70,691,330.27**			**2.696**	**61**	
Negotiable CD's												
60710A6R8	5968	MIZUHO BANK LTD/NY		05/01/2019	25,000,000.00	25,003,750.00	25,000,000.00	2.550		2.585	29	08/30/2019
		Subtotal and Average	**43,548,387.10**		**25,000,000.00**	**25,003,750.00**	**25,000,000.00**			**2.585**	**29**	
Treasury Securities - Coupon												
912828UF5	5980	U.S. TREASURY NOTE		07/29/2019	5,000,000.00	4,978,150.00	4,984,819.84	1.125		2.081	152	12/31/2019
912828V31	5982	U.S. TREASURY NOTE		07/30/2019	5,000,000.00	4,981,450.00	4,987,826.66	1.375		2.040	167	01/15/2020

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
		Subtotal and Average	804,181.81		10,000,000.00	9,959,600.00	9,972,646.50			2.061	160	
Agency Issues - Fixed Coupon												
3130A8Y72	5979	FED HOME LOAN BANK		07/29/2019	4,000,000.00	3,999,400.00	4,016,186.00	0.875		2.509	4	08/05/2019
3137EADM8	5888	FED. HOME LOAN MTG. CORP.		12/14/2018	5,000,000.00	4,992,100.00	4,988,075.35	1.250	AAA	2.681	62	10/02/2019
3137EADM8	5889	FED. HOME LOAN MTG. CORP.		12/14/2018	5,000,000.00	4,992,100.00	4,987,868.84	1.250	AAA	2.706	62	10/02/2019
3135G0N33	5844	FED. NAT'L. MTG. ASSN.		08/07/2018	5,000,000.00	4,999,800.00	4,999,785.63	0.875		2.446	1	08/02/2019
3135G0P49	5893	FED. NAT'L. MTG. ASSN.		12/14/2018	5,000,000.00	4,995,500.00	4,993,821.89	1.000		2.673	27	08/28/2019
3136G35A9	5894	FED. NAT'L. MTG. ASSN.		12/14/2018	1,000,000.00	999,290.00	998,867.91	1.150		2.683	27	08/28/2019
		Subtotal and Average	25,374,993.75		25,000,000.00	24,978,190.00	24,984,605.62			2.610	32	
Supranationals												
4581X0CR7	5895	INTER-AMERICAN DEVEL BK		12/17/2018	5,000,000.00	4,987,700.00	4,985,336.58	1.250		2.701	75	10/15/2019
459058FK4	5859	INTL BK RECON & DEVELOP		10/12/2018	5,000,000.00	4,997,250.00	4,996,578.55	0.876		2.666	14	08/15/2019
459058FK4	5928	INTL BK RECON & DEVELOP		03/04/2019	5,000,000.00	4,997,250.00	4,999,089.93	0.876		2.551	14	08/15/2019
45950KCD0	5914	INT'L. FINANCIAL CORP.		01/31/2019	6,689,000.00	6,684,317.70	6,681,976.55	1.750		2.601	46	09/16/2019
		Subtotal and Average	21,651,352.45		21,689,000.00	21,666,517.70	21,662,981.61			2.627	38	
Corporte Notes & Bonds												
0258M0DP1	5857	AMERICAN EXPRESS		10/12/2018	2,531,000.00	2,530,873.45	2,530,464.16	2.250		2.803	14	08/15/2019
0258M0EC9	5922	AMERICAN EXPRESS		02/22/2019	5,000,000.00	4,990,800.00	4,987,977.82	1.700		2.686	90	10/30/2019
07330NAN5	5923	BB&T CORPORATION		02/28/2019	1,201,000.00	1,199,486.74	1,197,458.38	2.100		2.758	167	01/15/2020
05531FAS2	5938	BB&T CORPORATION		03/26/2019	5,410,000.00	5,410,703.30	5,405,048.03	2.450		2.652	167	01/15/2020
17325FAF5	5978	CITIBANK N.A.		07/22/2019	2,375,000.00	2,373,646.25	2,388,674.93	1.850		2.308	48	09/18/2019
25468PDP8	5955	WALT DISNEY COMPANY, THE		04/05/2019	2,935,000.00	2,929,276.75	2,928,318.33	1.950		2.630	216	03/04/2020
02665WBZ3	5927	HONDA/AMERICAN HONDA		03/01/2019	5,000,000.00	4,994,200.00	4,991,398.81	2.000		2.614	104	11/13/2019
40428HPN6	5881	HSBC USA INC		12/06/2018	1,000,000.00	999,630.00	998,032.64	2.375		3.084	104	11/13/2019
40428HPN6	5896	HSBC USA INC		12/17/2018	1,630,000.00	1,629,396.90	1,626,290.77	2.375		3.195	104	11/13/2019
40428HPN6	5930	HSBC USA INC		03/07/2019	1,500,000.00	1,499,445.00	1,498,532.20	2.375		2.723	104	11/13/2019
40428HPR7	5935	HSBC USA INC		03/12/2019	2,015,000.00	2,013,166.35	2,011,339.90	2.350		2.740	217	03/05/2020
40428HPR7	5945	HSBC USA INC		04/01/2019	5,000,000.00	4,995,450.00	4,999,983.77	2.350		2.640	217	03/05/2020
40428HPR7	5949	HSBC USA INC		04/03/2019	5,000,000.00	4,995,450.00	5,000,759.37	2.350		2.636	217	03/05/2020
459200AG6	5879	IBM CORP.		12/05/2018	5,000,000.00	5,073,300.00	5,065,222.39	8.375		3.040	92	11/01/2019
44932HAA1	5942	IBM CORP.		03/28/2019	5,850,000.00	5,844,793.50	5,850,625.84	1.625		2.544	36	09/06/2019
48127HAA7	5867	JP MORGAN CHASE		11/14/2018	3,353,000.00	3,351,960.57	3,346,740.50	2.200		3.047	82	10/22/2019
46625HKA7	5915	JP MORGAN CHASE		02/01/2019	5,000,000.00	4,997,200.00	4,985,585.23	2.250		2.866	175	01/23/2020
46625HKA7	5934	JP MORGAN CHASE		03/11/2019	2,910,000.00	2,908,370.40	2,903,502.87	2.250		2.724	175	01/23/2020
69353RDZ8	5883	PNC BANK NA		12/06/2018	5,000,000.00	4,999,500.00	4,993,682.05	2.400		3.001	78	10/18/2019
693476BJ1	5962	PNC FUNDING CORP		04/15/2019	6,000,000.00	6,078,600.00	6,132,016.41	5.125		2.678	191	02/08/2020
90331HML4	5936	U.S. BANK NA NOTES		03/12/2019	2,114,000.00	2,113,217.82	2,111,542.33	2.125		2.611	88	10/28/2019

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Corporte Notes & Bonds												
94988J5G8	5902	WELLS FARGO COMPANY		12/31/2018	4,000,000.00	3,997,480.00	3,989,641.79	2.150		2.910	127	12/06/2019
94988J5L7	5933	WELLS FARGO COMPANY		03/11/2019	1,215,000.00	1,214,975.70	1,213,243.37	2.400		2.721	167	01/15/2020
94988J5L7	5947	WELLS FARGO COMPANY		04/02/2019	5,000,000.00	4,999,900.00	4,995,450.88	2.400		2.601	167	01/15/2020
94988J5L7	5956	WELLS FARGO COMPANY		04/09/2019	3,000,000.00	2,999,940.00	2,996,595.22	2.400		2.651	167	01/15/2020
		Subtotal and Average	**91,761,845.55**		**89,039,000.00**	**89,140,762.73**	**89,148,127.99**			**2.738**	**135**	
Promissory Notes												
SYS5903	5903	TULARE COUNTY TRANSPORTATION A			20,000,000.00	20,000,000.00	20,000,000.00	3.220		3.220	1,613	12/31/2023
		Subtotal and Average	**20,000,000.00**		**20,000,000.00**	**20,000,000.00**	**20,000,000.00**			**3.220**	**1,613**	
		Total and Average	**401,344,734.19**		**345,116,210.14**	**344,869,030.57**	**344,847,902.13**			**2.577**	**153**	

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Fund												
60934N10S	3521B	FEDERATED GOVT OBLIG			796,045.75	796,045.75	796,045.75	2.280	AAA	2.280	1	
		Subtotal and Average	**2,786,404.24**		**796,045.75**	**796,045.75**	**796,045.75**			**2.280**	**1**	
Negotiable CD's												
06370REU9	5843	BANK OF MONTREAL CHICAGO		08/03/2018	10,000,000.00	10,082,900.00	10,000,000.00	3.190		3.234	368	08/03/2020
06417GU22	5826	BANK OF NOVA SCOTIA		06/07/2018	10,465,000.00	10,561,382.65	10,463,316.27	3.080		3.080	309	06/05/2020
22535CDU2	5951	CREDIT AGRICOLE CIB-NY		04/04/2019	11,775,000.00	11,862,606.00	11,775,000.00	2.830		2.869	610	04/02/2021
55379WZT6	5926	MUFG BANK LTD/NY		02/28/2019	5,370,000.00	5,447,865.00	5,370,000.00	2.970		3.053	575	02/26/2021
65590ASN7	5792	NORDEA BANK FINLAND NY		02/22/2018	8,145,000.00	8,178,231.60	8,145,000.00	2.720		2.720	203	02/20/2020
86565BPC9	5860	SUMITOMO MITSUI BANK NY		10/18/2018	10,000,000.00	10,165,100.00	9,991,754.18	3.390		3.508	442	10/16/2020
87019U6D6	5770	SWEDBANK (NEW YORK)		11/17/2017	10,830,000.00	10,824,043.50	10,830,000.00	2.270		2.300	473	11/16/2020
96121T4A3	5743	WESTPAC BANKING COPR NY		08/07/2017	10,100,000.00	10,106,161.00	10,100,000.00	2.050		2.050	368	08/03/2020
		Subtotal and Average	**77,023,100.00**		**76,685,000.00**	**77,228,289.75**	**76,675,070.45**			**2.838**	**419**	
Negotiable CDs - Floating Rate												
13606BVF0	5811	CANADIAN IMPERIAL CD		04/10/2018	4,730,000.00	4,740,973.60	4,730,000.00	2.738		2.871	253	04/10/2020
		Subtotal and Average	**4,730,000.00**		**4,730,000.00**	**4,740,973.60**	**4,730,000.00**			**2.871**	**253**	
Treasury Securities - Coupon												
912828L32	5526A	U.S. TREASURY NOTE		09/01/2018	9,100,000.00	9,034,571.00	9,100,633.39	1.375		1.368	396	08/31/2020
912828L99	5542A	U.S. TREASURY NOTE		09/01/2018	8,100,000.00	8,036,091.00	8,067,847.33	1.375		1.700	457	10/31/2020
912828WC0	5550	U.S. TREASURY NOTE		01/11/2016	1,085,000.00	1,081,354.40	1,085,871.88	1.750		1.683	457	10/31/2020
912828N89	5559A	U.S. TREASURY NOTE		09/01/2018	9,000,000.00	8,920,170.00	8,997,309.10	1.375		1.395	549	01/31/2021
912828B90	5576A	U.S. TREASURY NOTE		09/01/2018	6,000,000.00	6,002,580.00	6,055,034.03	2.000		1.408	577	02/28/2021
912828A42	5578	U.S. TREASURY NOTE		05/06/2016	8,300,000.00	8,299,336.00	8,383,914.00	2.000		1.218	487	11/30/2020
912828N89	5582	U.S. TREASURY NOTE		05/27/2016	10,325,000.00	10,233,417.25	10,327,589.74	1.375		1.358	549	01/31/2021
912828B90	5601A	U.S. TREASURY NOTE		09/01/2018	2,500,000.00	2,501,075.00	2,534,058.78	2.000		1.124	577	02/28/2021
912828T34	5638A	U.S. TREASURY NOTE		09/01/2018	9,850,000.00	9,691,907.50	9,776,186.41	1.125		1.480	791	09/30/2021
912828WY2	5642	U.S. TREASURY NOTE		11/23/2016	5,490,000.00	5,525,794.80	5,539,774.18	2.250		1.775	730	07/31/2021
912828D72	5644	U.S. TREASURY NOTE		12/05/2016	5,490,000.00	5,500,705.50	5,498,490.11	2.000		1.922	761	08/31/2021
912828Q78	5647	U.S. TREASURY NOTE		12/07/2016	1,085,000.00	1,074,367.00	1,077,452.32	1.375		1.790	638	04/30/2021
912828L99	5650A	U.S. TREASURY NOTE		09/01/2018	1,100,000.00	1,091,321.00	1,094,286.67	1.375		1.800	457	10/31/2020
912828B90	5651A	U.S. TREASURY NOTE		09/01/2018	1,000,000.00	1,000,430.00	1,001,600.63	2.000		1.896	577	02/28/2021
912828F96	5656A	U.S. TREASURY NOTE		09/01/2018	9,455,000.00	9,477,881.10	9,456,058.80	2.000		1.994	822	10/31/2021
912828WN6	5658	U.S. TREASURY NOTE		01/20/2017	5,000,000.00	5,005,300.00	5,009,110.37	2.000		1.896	669	05/31/2021
912828J43	5691A	U.S. TREASURY NOTE		09/01/2018	11,425,000.00	11,391,524.75	11,317,539.39	1.750		2.130	942	02/28/2022
912828J43	5696	U.S. TREASURY NOTE		03/17/2017	15,230,000.00	15,185,376.10	15,083,777.48	1.750		2.144	942	02/28/2022
912828V72	5729	U.S. TREASURY NOTE		07/11/2017	10,375,000.00	10,373,755.00	10,364,543.70	1.875		1.917	914	01/31/2022

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Treasury Securities - Coupon												
912828U81	5737	U.S. TREASURY NOTE		07/28/2017	5,875,000.00	5,892,918.75	5,903,447.52	2.000		1.790	883	12/31/2021
912828XG0	5746A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	11,084,260.00	11,093,362.35	2.125		1.822	1,064	06/30/2022
912828XQ8	5748	U.S. TREASURY NOTE		08/31/2017	5,000,000.00	5,021,300.00	5,038,603.33	2.000		1.730	1,095	07/31/2022
912828L24	5755	U.S. TREASURY NOTE		09/29/2017	3,000,000.00	3,001,770.00	2,996,769.09	1.875		1.912	1,126	08/31/2022
912828L57	5757	U.S. TREASURY NOTE		10/06/2017	3,115,000.00	3,105,032.00	3,098,151.51	1.750		1.930	1,156	09/30/2022
912828L57	5761A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	10,964,800.00	10,921,975.59	1.750		1.984	1,156	09/30/2022
912828L57	5765	U.S. TREASURY NOTE		11/03/2017	7,390,000.00	7,366,352.00	7,328,361.47	1.750		2.028	1,156	09/30/2022
912828W89	5776	U.S. TREASURY NOTE		12/05/2017	7,700,000.00	7,705,082.00	7,655,646.30	1.875		2.102	973	03/31/2022
912828W89	5780	U.S. TREASURY NOTE		01/04/2018	8,590,000.00	8,595,669.40	8,523,942.82	1.875		2.178	973	03/31/2022
912828N30	5784A	U.S. TREASURY NOTE		09/01/2018	11,000,000.00	11,100,980.00	10,881,429.17	2.125		2.459	1,248	12/31/2022
9128283C2	5819	U.S. TREASURY NOTE		05/04/2018	14,075,000.00	14,137,070.75	13,735,368.12	2.000		2.796	1,187	10/31/2022
912828L57	5825	U.S. TREASURY NOTE		06/06/2018	10,740,000.00	10,705,632.00	10,418,628.95	1.750		2.759	1,156	09/30/2022
912828P38	5855	U.S. TREASURY NOTE		10/05/2018	18,150,000.00	18,085,567.50	17,445,356.19	1.750		2.939	1,279	01/31/2023
912828W89	5856	U.S. TREASURY NOTE		10/05/2018	11,350,000.00	11,357,491.00	11,041,284.31	1.875		2.957	973	03/31/2022
912828X47	5862	U.S. TREASURY NOTE		10/24/2018	3,955,000.00	3,955,791.00	3,839,507.35	1.875		3.002	1,003	04/30/2022
912828Q29	5865	U.S. TREASURY NOTE		11/07/2018	7,960,000.00	7,860,500.00	7,562,369.64	1.500		2.964	1,338	03/31/2023
912828XR6	5866	U.S. TREASURY NOTE		11/07/2018	7,750,000.00	7,725,200.00	7,503,379.69	1.750		2.942	1,034	05/31/2022
912828P38	5880	U.S. TREASURY NOTE		12/06/2018	12,000,000.00	11,957,400.00	11,571,198.82	1.750		2.839	1,279	01/31/2023
912828T91	5898	U.S. TREASURY NOTE		12/24/2018	3,750,000.00	3,715,125.00	3,595,272.82	1.625		2.667	1,552	10/31/2023
9128282D1	5899	U.S. TREASURY NOTE		12/24/2018	6,600,000.00	6,477,042.00	6,274,238.62	1.375		2.670	1,491	08/31/2023
912828V23	5907	U.S. TREASURY NOTE		01/09/2019	4,995,000.00	5,077,167.75	4,931,951.27	2.250		2.556	1,613	12/31/2023
912828S92	5920	U.S. TREASURY NOTE		02/12/2019	2,650,000.00	2,588,732.00	2,531,226.29	1.250		2.439	1,460	07/31/2023
912828WE6	5931	U.S. TREASURY NOTE		03/08/2019	15,575,000.00	16,143,799.00	15,719,144.97	2.750		2.519	1,567	11/15/2023
912828W48	5950	U.S. TREASURY NOTE		04/04/2019	12,900,000.00	13,050,672.00	12,830,571.59	2.125		2.297	1,673	02/29/2024
9128285D8	5969	U.S. TREASURY NOTE		05/03/2019	20,575,000.00	21,409,316.25	21,139,014.50	2.875		2.245	1,521	09/30/2023
912828X70	5972	U.S. TREASURY NOTE		06/05/2019	24,490,000.00	24,646,001.30	24,645,353.81	2.000		1.903	1,734	04/30/2024
912828V80	5975	U.S. TREASURY NOTE		06/25/2019	13,200,000.00	13,422,816.00	13,475,838.83	2.250		1.764	1,644	01/31/2024
912828XX3	5976	U.S. TREASURY NOTE		07/03/2019	22,560,000.00	22,703,707.20	22,792,629.33	2.000		1.783	1,795	06/30/2024
9128285K2	5981	U.S. TREASURY NOTE		07/30/2019	7,910,000.00	8,237,869.50	8,301,360.33	2.875		1.833	1,552	10/31/2023
		Subtotal and Average	**415,850,930.45**		**424,765,000.00**	**426,522,021.80**	**422,566,462.89**			**2.127**	**1,164**	
Agency Issues - Fixed Coupon												
3130A7CV5	5553A	FED HOME LOAN BANK		09/01/2018	7,740,000.00	7,667,631.00	7,730,323.80	1.375		1.457	567	02/18/2021
3130A7CV5	5603A	FED HOME LOAN BANK		09/01/2018	2,000,000.00	1,981,300.00	2,004,799.39	1.375		1.217	567	02/18/2021
3130A8QS5	5633A	FED HOME LOAN BANK		09/01/2018	9,150,000.00	9,011,560.50	9,115,404.05	1.125		1.323	713	07/14/2021
313379RB7	5747A	FED HOME LOAN BANK		09/01/2018	2,300,000.00	2,297,470.00	2,308,543.48	1.875		1.670	680	06/11/2021
3130ACE26	5749	FED HOME LOAN BANK		09/08/2017	3,885,000.00	3,855,512.85	3,880,272.41	1.375		1.483	424	09/28/2020
3130A0F70	5913	FED HOME LOAN BANK		01/31/2019	8,990,000.00	9,532,636.40	9,231,105.42	3.375		2.713	1,590	12/08/2023

PFM
Portfolio Management
Portfolio Details - Investments
July 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Agency Issues - Fixed Coupon												
3130A0F70	5917	FED HOME LOAN BANK		02/06/2019	6,110,000.00	6,478,799.60	6,286,262.94	3.375		2.664	1,590	12/08/2023
3130AFW94	5921	FED HOME LOAN BANK		02/15/2019	8,050,000.00	8,274,514.50	8,024,133.98	2.500		2.576	1,657	02/13/2024
3137EAEC9	5621A	FED. HOME LOAN MTG. CORP.		09/01/2018	7,250,000.00	7,133,492.50	7,220,808.23	1.125		1.328	742	08/12/2021
3137EAEJ4	5762	FED. HOME LOAN MTG. CORP.		10/26/2017	2,590,000.00	2,576,765.10	2,585,404.26	1.625		1.782	425	09/29/2020
3137EAEK1	5771A	FED. HOME LOAN MTG. CORP.		09/01/2018	3,200,000.00	3,193,280.00	3,196,405.63	1.875		1.964	474	11/17/2020
3137EAEN5	5839	FED. HOME LOAN MTG. CORP.		07/12/2018	1,090,000.00	1,123,157.80	1,085,429.40	2.750		2.866	1,418	06/19/2023
3137EAEN5	5841A	FED. HOME LOAN MTG. CORP.		09/01/2018	4,725,000.00	4,868,734.50	4,706,223.19	2.750		2.860	1,418	06/19/2023
3137EAEN5	5864	FED. HOME LOAN MTG. CORP.		11/07/2018	7,525,000.00	7,753,910.50	7,438,093.31	2.750		3.071	1,418	06/19/2023
3137EAEC9	6326A	FED. HOME LOAN MTG. CORP.		09/01/2018	2,605,000.00	2,563,137.65	2,597,014.06	1.125		1.279	742	08/12/2021
3135G0N82	3622	FED. NAT'L. MTG. ASSN.		09/02/2016	9,115,000.00	8,992,859.00	9,091,998.95	1.250		1.378	747	08/17/2021
3135G0N82	3644A	FED. NAT'L. MTG. ASSN.		09/01/2018	5,800,000.00	5,722,280.00	5,786,818.16	1.250		1.364	747	08/17/2021
3135G0F73	5548A	FED. NAT'L. MTG. ASSN.		09/01/2018	9,300,000.00	9,234,993.00	9,252,779.68	1.500		1.891	487	11/30/2020
3135G0J20	5566A	FED. NAT'L. MTG. ASSN.		09/01/2018	4,500,000.00	4,457,250.00	4,496,084.70	1.375		1.432	575	02/26/2021
3135G0J20	5577A	FED. NAT'L. MTG. ASSN.		09/01/2018	5,000,000.00	4,952,500.00	4,991,775.32	1.375		1.482	575	02/26/2021
3135G0K69	5593A	FED. NAT'L. MTG. ASSN.		09/01/2018	9,300,000.00	9,187,563.00	9,311,499.83	1.250		1.178	644	05/06/2021
3135G0H55	5596	FED. NAT'L. MTG. ASSN.		07/08/2016	5,350,000.00	5,340,102.50	5,409,859.22	1.875		1.059	515	12/28/2020
3135G0N82	5617	FED. NAT'L. MTG. ASSN.		08/19/2016	3,660,000.00	3,610,956.00	3,653,932.30	1.250		1.334	747	08/17/2021
3135G0N82	5618	FED. NAT'L. MTG. ASSN.		08/19/2016	3,440,000.00	3,393,904.00	3,435,182.74	1.250		1.321	747	08/17/2021
3135G0N82	5628A	FED. NAT'L. MTG. ASSN.		09/01/2018	4,000,000.00	3,946,400.00	3,997,421.07	1.250		1.282	747	08/17/2021
3135G0S38	5657	FED. NAT'L. MTG. ASSN.		01/20/2017	5,000,000.00	5,008,900.00	4,988,322.18	2.000		2.102	888	01/05/2022
3135G0S38	5679	FED. NAT'L. MTG. ASSN.		02/03/2017	3,370,000.00	3,375,998.60	3,364,647.79	2.000		2.069	888	01/05/2022
3135G0S38	5713A	FED. NAT'L. MTG. ASSN.		09/01/2018	10,500,000.00	10,518,690.00	10,519,843.63	2.000		1.919	888	01/05/2022
3135G0T45	5721A	FED. NAT'L. MTG. ASSN.		09/01/2018	11,040,000.00	11,032,051.20	11,039,068.39	1.875		1.878	978	04/05/2022
3135G0S38	5725	FED. NAT'L. MTG. ASSN.		06/29/2017	7,040,000.00	7,052,531.20	7,064,180.45	2.000		1.852	888	01/05/2022
3135G0T45	5726	FED. NAT'L. MTG. ASSN.		06/29/2017	7,100,000.00	7,094,888.00	7,099,401.71	1.875		1.878	978	04/05/2022
3135G0T78	5794	FED. NAT'L. MTG. ASSN.		03/05/2018	3,500,000.00	3,510,815.00	3,432,417.33	2.000		2.649	1,161	10/05/2022
3135G0T78	5795	FED. NAT'L. MTG. ASSN.		03/06/2018	2,410,000.00	2,417,446.90	2,361,613.86	2.000		2.675	1,161	10/05/2022
3135G0T94	5813A	FED. NAT'L. MTG. ASSN.		09/01/2018	10,000,000.00	10,158,600.00	9,892,862.43	2.375		2.704	1,267	01/19/2023
3135G0U35	5835A	FED. NAT'L. MTG. ASSN.		09/01/2018	1,500,000.00	1,522,620.00	1,501,408.96	2.750		2.697	691	06/22/2021
3135G0U43	5854	FED. NAT'L. MTG. ASSN.		10/04/2018	6,240,000.00	6,474,499.20	6,202,368.94	2.875		3.034	1,503	09/12/2023
3135G0U43	5875	FED. NAT'L. MTG. ASSN.		11/30/2018	7,000,000.00	7,263,060.00	6,974,233.01	2.875		2.971	1,503	09/12/2023
3135G0U43	5904	FED. NAT'L. MTG. ASSN.		12/31/2018	6,350,000.00	6,588,633.00	6,398,662.37	2.875		2.675	1,503	09/12/2023
3135G0V34	5918	FED. NAT'L. MTG. ASSN.		02/08/2019	7,005,000.00	7,185,308.70	6,981,450.10	2.500		2.580	1,649	02/05/2024
3135G0V34	5919	FED. NAT'L. MTG. ASSN.		02/11/2019	3,185,000.00	3,266,981.90	3,181,309.93	2.500		2.532	1,649	02/05/2024
		Subtotal and Average	**228,496,317.98**		**227,915,000.00**	**229,621,734.10**	**227,839,366.60**			**2.009**	**997**	

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Agencies - Mortgage Backed												
3137BDDC7	5751A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	3,030,000.00	3,064,511.70	3,154,277.34	3.130		0.092	694	06/25/2021
3137BM6P6	5753A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	8,445,000.00	8,633,830.20	8,766,247.80	3.090		0.962	1,120	08/25/2022
3137B6ZM6	5781A	FHLMC MULTIFAMILY PASS THROUGH		08/30/2018	2,157,569.29	2,167,731.44	2,190,269.95	3.034		1.377	451	10/25/2020
3137BM6P6	5810	FHLMC MULTIFAMILY PASS THROUGH		04/09/2018	2,835,000.00	2,898,390.60	2,859,141.80	3.090		2.565	1,120	08/25/2022
3137BLUR7	5954	FHLMC MULTIFAMILY PASS THROUGH		04/05/2019	4,610,000.00	4,667,348.40	4,621,525.00	2.716		2.441	1,059	06/25/2022
3137BHXY8	5970	FHLMC MULTIFAMILY PASS THROUGH		05/21/2019	10,500,000.00	10,621,065.00	10,565,625.00	2.791		2.108	908	01/25/2022
3137B1BS0	5973	FHLMC MULTIFAMILY PASS THROUGH		06/17/2019	3,000,000.00	3,029,010.00	3,026,250.00	2.510		1.848	1,212	11/25/2022
3136B1XP4	5818	FED. NAT'L. MTG. ASSN.		04/30/2018	2,671,268.90	2,713,768.79	2,724,403.11	3.560		2.174	786	09/25/2021
		Subtotal and Average	**37,952,660.47**		**37,248,838.19**	**37,795,656.13**	**37,907,740.00**			**1.692**	**962**	
Supranationals												
4581X0CW6	5655A	INTER-AMERICAN DEVEL BK		09/01/2018	9,700,000.00	9,746,657.00	9,694,120.67	2.125		2.150	901	01/18/2022
4581X0CX4	5707A	INTER-AMERICAN DEVEL BK		09/01/2018	8,955,000.00	8,919,090.45	8,949,627.24	1.625		1.703	285	05/12/2020
4581X0CD8	5758	INTER-AMERICAN DEVEL BK		10/10/2017	10,555,000.00	10,559,010.90	10,595,404.52	2.125		1.814	466	11/09/2020
4581X0CZ9	5802A	INTER-AMERICAN DEVEL BK		09/01/2018	9,500,000.00	9,453,070.00	9,212,408.57	1.750		2.783	1,140	09/14/2022
45905UP32	5752	INTL BK RECON & DEVELOP		09/19/2017	10,750,000.00	10,681,952.50	10,740,358.06	1.562		1.645	408	09/12/2020
45950KCM0	5782A	INT'L. FINANCIAL CORP.		09/01/2018	3,875,000.00	3,886,043.75	3,869,367.04	2.250		2.351	543	01/25/2021
45950KCM0	5783	INT'L. FINANCIAL CORP.		01/25/2018	4,315,000.00	4,327,297.75	4,308,727.43	2.250		2.352	543	01/25/2021
		Subtotal and Average	**57,366,646.34**		**57,650,000.00**	**57,573,122.35**	**57,370,013.53**			**2.054**	**620**	
Municipal Bonds												
605581FZ5	5450	STATE OF MISSISSIPPI GO BOND		02/18/2015	1,680,000.00	1,679,512.80	1,680,000.00	1.679		1.679	61	10/01/2019
		Subtotal and Average	**1,680,000.00**		**1,680,000.00**	**1,679,512.80**	**1,680,000.00**			**1.679**	**61**	
Corporte Notes & Bonds												
023135AW6	5959	AMAZON.COM INC		04/11/2019	5,500,000.00	5,552,250.00	5,467,619.96	2.400		2.672	1,301	02/22/2023
037833CG3	5958	APPLE INC.		04/11/2019	10,000,000.00	10,318,300.00	10,155,922.37	3.000		2.752	1,653	02/09/2024
0258M0EE5	5688	AMERICAN EXPRESS CREDIT		03/03/2017	1,750,000.00	1,748,197.50	1,749,642.74	2.200		2.236	215	03/03/2020
0258M0EB1	5734	AMERICAN EXPRESS CREDIT		07/20/2017	5,000,000.00	4,998,250.00	5,002,693.92	2.250		2.218	643	05/05/2021
06051GFW4	5764	BANK OF AMERICA CORP		11/03/2017	5,375,000.00	5,400,262.50	5,394,967.82	2.625		2.398	627	04/19/2021
06051GFT1	5849	BANK OF AMERICA CORP		09/07/2018	5,500,000.00	5,525,850.00	5,469,523.94	2.625		3.098	445	10/19/2020
05531FAZ6	5763	BB&T CORPORATION		10/26/2017	2,770,000.00	2,761,745.40	2,769,414.41	2.150		2.165	550	02/01/2021
06406FAA1	5750	BANK OF NEW YORK MELLON		09/11/2017	9,400,000.00	9,434,780.00	9,479,036.13	2.500		1.986	623	04/15/2021
06406RAJ6	5929	BANK OF NEW YORK MELLON		03/07/2019	6,725,000.00	6,986,131.75	6,829,236.31	3.450		3.101	1,471	08/11/2023
09247XAJ0	5960	Blackrock Inc		04/11/2019	5,500,000.00	5,688,210.00	5,614,086.55	3.375		2.607	1,035	06/01/2022
166764BG4	5602A	CHEVRON CORP		09/01/2018	3,000,000.00	2,998,860.00	3,026,617.40	2.100		1.592	654	05/16/2021
172967LC3	5772	CITIGROUP, INC		11/22/2017	5,375,000.00	5,435,630.00	5,396,356.06	2.900		2.720	860	12/08/2021
22160KAG0	5447A	COSTCO WHOLESALE CORP.		09/01/2018	3,480,000.00	3,468,098.40	3,479,605.74	1.750		1.771	198	02/15/2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Corporte Notes & Bonds												
22160KAL9	5974	COSTCO WHOLESALE CORP.		06/18/2019	7,000,000.00	7,168,630.00	7,155,167.62	2.750		2.309	1,752	05/18/2024
30231GAV4	5557A	EXXON MOBIL CORPORATION		09/01/2018	2,190,000.00	2,193,876.30	2,190,000.00	2.222		2.222	578	03/01/2021
30231GAV4	5580A	EXXON MOBIL CORPORATION		09/01/2018	4,075,000.00	4,082,212.75	4,098,645.65	2.222		1.845	578	03/01/2021
36962G5J9	5669	GENERAL ELECTRIC CO		01/27/2017	5,000,000.00	5,209,350.00	5,232,010.59	4.650		2.416	808	10/17/2021
369550BE7	5820A	GENERAL DYNAMICS		09/01/2018	4,000,000.00	4,061,920.00	3,983,525.92	3.000		3.243	649	05/11/2021
369550BE7	5823A	GENERAL DYNAMICS		09/01/2018	3,000,000.00	3,046,440.00	2,987,217.98	3.000		3.251	649	05/11/2021
38141GGQ1	5766	GOLDMAN SACHS GROUP INC		11/07/2017	4,860,000.00	5,116,365.00	5,109,010.59	5.250		2.533	726	07/27/2021
38141GWC4	5848	GOLDMAN SACHS GROUP INC		09/07/2018	5,500,000.00	5,544,055.00	5,420,537.82	3.000		3.567	999	04/26/2022
437076BQ4	5720A	HOME DEPOT INC		09/01/2018	2,770,000.00	2,759,861.80	2,769,547.77	1.800		1.819	309	06/05/2020
437076AZ5	5807	HOME DEPOT INC		04/05/2018	5,700,000.00	5,810,352.00	5,620,403.12	2.700		3.114	1,339	04/01/2023
02665WCJ8	5840A	HONDA/AMERICAN HONDA		09/01/2018	2,215,000.00	2,301,385.00	2,211,967.26	3.450		3.487	1,443	07/14/2023
02665WBG5	5852	HONDA/AMERICAN HONDA		09/07/2018	3,250,000.00	3,206,970.00	3,161,159.18	1.700		3.069	770	09/09/2021
02665WCT6	5911	HONDA/AMERICAN HONDA		01/31/2019	3,900,000.00	4,080,648.00	3,934,883.10	3.550		3.330	1,625	01/12/2024
459200JQ5	5677	IBM CORP.		01/31/2017	5,000,000.00	5,015,550.00	5,006,510.47	2.500		2.444	910	01/27/2022
44932HAC7	5775A	IBM CORP.		09/01/2018	6,550,000.00	6,515,940.00	6,477,901.78	2.200		2.576	1,134	09/08/2022
24422ETL3	5700A	JOHN DEERE CAPITAL CORP		09/01/2018	1,585,000.00	1,600,834.15	1,587,936.73	2.650		2.569	889	01/06/2022
24422ETS8	5722	JOHN DEERE CAPITAL CORP		06/22/2017	1,265,000.00	1,260,648.40	1,264,770.65	1.950		1.971	326	06/22/2020
24422ETG4	5822A	JOHN DEERE CAPITAL CORP		09/01/2018	1,155,000.00	1,175,304.90	1,129,078.73	2.800		3.479	1,313	03/06/2023
24422ESL4	7519A	JOHN DEERE CAPITAL CORP		09/01/2018	3,325,000.00	3,355,191.00	3,359,234.95	2.800		2.132	581	03/04/2021
46625HQJ2	5587	JP MORGAN CHASE		06/15/2016	6,150,000.00	6,167,097.00	6,178,461.52	2.550		2.240	578	03/01/2021
46625HQJ2	5653	JP MORGAN CHASE		01/05/2017	2,745,000.00	2,752,631.10	2,743,263.82	2.550		2.592	578	03/01/2021
48128BAB7	5789A	JP MORGAN CHASE		09/01/2018	6,000,000.00	6,076,680.00	5,959,352.37	2.972		3.183	1,263	01/15/2023
48128BAB7	5803A	JP MORGAN CHASE		09/01/2018	1,000,000.00	1,012,780.00	982,506.25	2.972		3.522	1,263	01/15/2023
57636QAF1	5718	MASTERCARD INC		05/11/2017	4,500,000.00	4,480,740.00	4,482,585.28	2.000		2.177	843	11/21/2021
57636QAB0	5961	MASTERCARD INC		04/11/2019	5,091,000.00	5,352,931.95	5,249,581.31	3.375		2.679	1,705	04/01/2024
594918BG8	5538A	MICROSOFT CORP.		09/01/2018	2,345,000.00	2,343,663.35	2,344,528.91	2.000		2.016	460	11/03/2020
594918BP8	5612A	MICROSOFT CORP		09/01/2018	3,030,000.00	2,999,609.10	3,028,715.03	1.550		1.571	738	08/08/2021
594918BP8	5613A	MICROSOFT CORP		09/01/2018	1,220,000.00	1,207,763.40	1,219,246.10	1.550		1.581	738	08/08/2021
68389XBK0	5643A	ORACLE CORP		09/01/2018	6,140,000.00	6,093,765.80	6,079,041.84	1.900		2.388	776	09/15/2021
68389XBK0	5663A	ORACLE CORP		09/01/2018	600,000.00	595,482.00	593,388.73	1.900		2.442	776	09/15/2021
68389XBK0	5664	ORACLE CORP		01/24/2017	5,000,000.00	4,962,350.00	4,945,088.93	1.900		2.450	776	09/15/2021
68389XAP0	5851	ORACLE CORP		09/07/2018	1,750,000.00	1,762,302.50	1,714,119.03	2.500		3.187	1,171	10/15/2022
69371RN44	5673A	PACCAR FINANCIAL CORP		09/01/2018	6,500,000.00	6,409,260.00	6,385,607.97	1.650		2.556	741	08/11/2021
713448DX3	5759	Pepsi Co		10/10/2017	3,405,000.00	3,396,555.60	3,404,669.46	2.000		2.006	623	04/15/2021
717081ES8	5941	PFIZER		03/28/2019	7,925,000.00	8,164,097.25	8,055,071.61	2.950		2.601	1,688	03/15/2024
69353RFE3	5738A	PNC BANK NA		09/01/2018	7,480,000.00	7,509,845.20	7,479,597.20	2.450		2.452	1,092	07/28/2022
74005PAY0	5808	Praxair Inc		04/05/2018	4,825,000.00	4,963,236.25	4,914,611.36	4.050		2.848	592	03/15/2021
747525AD5	5502A	QUALCOMM INC		09/01/2018	2,710,000.00	2,707,723.60	2,705,192.25	2.250		2.476	293	05/20/2020

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Corporte Notes & Bonds												
747525AD5	5503A	QUALCOMM INC		09/01/2018	2,710,000.00	2,707,723.60	2,705,028.91	2.250		2.484	293	05/20/2020
747525AD5	5662A	QUALCOMM INC		09/01/2018	1,200,000.00	1,198,992.00	1,200,466.84	2.250		2.199	293	05/20/2020
808513AT2	5804A	SCHWAB CHARLES		09/01/2018	6,000,000.00	6,075,720.00	5,884,932.15	2.650		3.245	1,273	01/25/2023
857477AV5	5581A	STATE STREET CORP		09/01/2018	3,185,000.00	3,169,138.70	3,184,403.77	1.950		1.960	657	05/19/2021
857477AV5	5667A	STATE STREET CORP		09/01/2018	2,155,000.00	2,144,268.10	2,135,311.45	1.950		2.477	657	05/19/2021
89236TDP7	5796A	TOYOTA MOTOR CREDIT		09/01/2018	2,750,000.00	2,775,217.50	2,721,795.93	2.600		3.044	894	01/11/2022
89236TDP7	5821A	TOYOTA MOTOR CREDIT		09/01/2018	2,000,000.00	2,018,340.00	1,966,080.12	2.600		3.339	894	01/11/2022
89236TDP7	5830A	TOYOTA MOTOR CREDIT		09/01/2018	1,850,000.00	1,866,964.50	1,822,563.08	2.600		3.245	894	01/11/2022
89236TDP7	5850	TOYOTA MOTOR CREDIT		09/07/2018	4,250,000.00	4,288,972.50	4,196,198.67	2.600		3.149	894	01/11/2022
89236TFS9	5908	TOYOTA MOTOR CREDIT		01/10/2019	7,375,000.00	7,690,797.50	7,344,867.51	3.350		3.451	1,621	01/08/2024
91159HHP8	5666A	US BANCORP		09/01/2018	3,000,000.00	3,023,610.00	2,997,440.07	2.625		2.661	907	01/24/2022
91159HHV5	5957	US BANCORP		04/11/2019	10,000,000.00	10,425,600.00	10,274,756.68	3.375		2.868	1,649	02/05/2024
949746SA0	5610	WELLS FARGO COMPANY		08/04/2016	9,000,000.00	8,956,080.00	9,015,907.95	2.100		2.006	725	07/26/2021
		Subtotal and Average	**276,899,479.51**		**275,606,000.00**	**279,122,038.35**	**276,448,615.36**			**2.605**	**975**	
Asset Backed												
02007PAC7	5678	ALLY AUTO RECEIVABLES TRUST		01/31/2017	677,249.63	675,766.45	677,190.44	1.700		1.710	684	06/15/2021
02007HAC5	5703	ALLY AUTO RECEIVABLES TRUST		03/29/2017	1,991,332.24	1,987,030.96	1,991,097.46	1.780		1.792	746	08/16/2021
02007YAC8	5773	ALLY AUTO RECEIVABLES TRUST		11/22/2017	3,704,767.48	3,693,542.03	3,704,479.99	1.990		2.002	957	03/15/2022
02587AAJ3	5832A	AMERICAN EXPRESS CREDIT ACCT		08/30/2018	5,485,000.00	5,472,549.05	5,398,868.36	1.930		2.731	1,141	09/15/2022
14042WAC4	5971	CAPITAL ONE PRIME AUTO RECEIVA		05/30/2019	3,275,000.00	3,302,673.75	3,274,336.49	2.510		2.533	1,567	11/15/2023
43814TAC6	5701	HONDA AUTO RECEIVABLES TRUST		03/28/2017	1,133,080.35	1,129,839.74	1,133,012.93	1.720		1.729	720	07/21/2021
43811BAC8	5724	HONDA AUTO RECEIVABLES TRUST		06/27/2017	3,478,566.17	3,467,226.04	3,478,265.27	1.680		1.690	746	08/16/2021
43813FAC7	5774	HONDA AUTO RECEIVABLES TRUST		11/29/2017	2,527,696.97	2,525,674.81	2,527,340.82	2.050		2.066	844	11/22/2021
43811BAC8	5817A	HONDA AUTO RECEIVABLES TRUST		08/30/2018	4,102,082.74	4,088,709.95	4,038,308.17	1.680		2.696	746	08/16/2021
44891EAC3	5625	HYUNDAI AUTO RECEIVABLES TRUST		09/21/2016	898,221.28	895,337.99	898,100.38	1.290		1.300	623	04/15/2021
44931PAD8	5704	HYUNDAI AUTO RECEIVABLES TRUST		03/29/2017	1,395,247.78	1,391,648.04	1,395,134.90	1.760		1.770	746	08/16/2021
44932GAD7	5745	HYUNDAI AUTO RECEIVABLES TRUST		08/16/2017	3,831,412.15	3,819,075.00	3,830,748.17	1.770		1.785	901	01/18/2022
44891KAD7	5815	HYUNDAI AUTO RECEIVABLES TRUST		04/18/2018	1,870,000.00	1,881,107.80	1,869,718.38	2.790		2.814	1,079	07/15/2022
47788NAC2	5607	JOHN DEERE OWNER TRUST		07/28/2016	24,688.87	24,674.80	24,686.90	1.250		1.258	319	06/15/2020
47787XAC1	5686	JOHN DEERE OWNER TRUST		03/02/2017	539,762.41	538,812.43	539,685.55	1.780		1.794	623	04/15/2021
47788BAD6	5730A	JOHN DEERE OWNER TRUST		08/30/2018	836,553.63	834,320.03	836,492.40	1.820		1.782	806	10/15/2021
47788BAD6	5732	JOHN DEERE OWNER TRUST		07/18/2017	1,180,342.79	1,177,191.27	1,180,256.39	1.820		1.831	806	10/15/2021
47788CAC6	5793A	JOHN DEERE OWNER TRUST		08/30/2018	1,750,000.00	1,756,037.50	1,749,874.18	2.660		2.579	441	10/15/2020
47788EAC2	5842A	JOHN DEERE OWNER TRUST		08/30/2018	5,620,000.00	5,677,605.00	5,619,574.00	3.080		2.012	1,202	11/15/2022
654747AD6	5778A	NISSAN AUTO RECEIVABLES OWNERS		08/30/2018	1,009,714.21	1,007,088.95	1,003,285.17	1.740		2.129	746	08/16/2021
65478WAE5	5816A	NISSAN AUTO RECEIVABLES OWNERS		08/30/2018	2,248,000.00	2,230,443.12	2,181,701.56	1.380		2.817	1,265	01/17/2023
89238MAD0	5693	TOYOTA AUTO RECEIVABLES TRUST		03/15/2017	599,037.67	597,983.36	598,967.17	1.730		1.742	565	02/16/2021

PFM
Portfolio Management
Portfolio Details - Investments
July 31, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Asset Backed												
89237RAB4	5741A	TOYOTA AUTO RECEIVABLES TRUST		08/30/2018	309,306.14	309,185.51	309,303.20	1.580		1.518	349	07/15/2020
89238KAD4	5769	TOYOTA AUTO RECEIVABLES TRUST		11/15/2017	3,375,000.00	3,366,157.50	3,374,688.83	1.930		1.942	901	01/18/2022
89238BAB8	5785A	TOYOTA AUTO RECEIVABLES TRUST		08/30/2018	1,814,896.34	1,814,115.93	1,814,710.86	2.100		2.038	441	10/15/2020
89238BAD4	5786	TOYOTA AUTO RECEIVABLES TRUST		01/29/2018	2,800,000.00	2,801,820.00	2,799,967.80	2.350		2.362	1,019	05/16/2022
		Subtotal and Average	**57,721,925.83**		**56,476,958.85**	**56,465,617.01**	**56,249,795.77**			**2.169**	**934**	
		Total and Average	**1,160,601,058.06**		**1,163,552,842.79**	**1,171,545,011.64**	**1,162,263,110.35**			**2.251**	**987**	

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APPENDIX H

ACCRETED VALUE TABLES

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Date	Tax-Exempt Capital Appreciation Bonds 08/01/2039 3.14%	Tax-Exempt Capital Appreciation Bonds 08/01/2040 3.17%	Tax-Exempt Capital Appreciation Bonds 08/01/2041 3.2%	Tax-Exempt Capital Appreciation Bonds 08/01/2042 3.23%	Tax-Exempt Capital Appreciation Bonds 08/01/2043 3.26%	Tax-Exempt Capital Appreciation Bonds 08/01/2044 3.27%
10/16/19	2,698.80	2,599.95	2,503.30	2,408.80	2,316.55	2,237.35
2/1/20	2,723.40	2,623.95	2,526.60	2,431.45	2,338.50	2,258.60
8/1/20	2,766.15	2,665.50	2,567.00	2,470.70	2,376.60	2,295.55
2/1/21	2,809.60	2,707.75	2,608.10	2,510.60	2,415.35	2,333.10
8/1/21	2,853.70	2,750.70	2,649.85	2,551.15	2,454.70	2,371.25
2/1/22	2,898.50	2,794.30	2,692.25	2,592.35	2,494.75	2,410.00
8/1/22	2,944.00	2,838.60	2,735.30	2,634.25	2,535.40	2,449.40
2/1/23	2,990.25	2,883.55	2,779.05	2,676.75	2,576.70	2,489.45
8/1/23	3,037.20	2,929.30	2,823.55	2,720.00	2,618.70	2,530.15
2/1/24	3,084.85	2,975.70	2,868.70	2,763.95	2,661.40	2,571.55
8/1/24	3,133.30	3,022.85	2,914.60	2,808.55	2,704.80	2,613.55
2/1/25	3,182.50	3,070.80	2,961.25	2,853.90	2,748.85	2,656.30
8/1/25	3,232.45	3,119.45	3,008.60	2,900.00	2,793.70	2,699.75
2/1/26	3,283.20	3,168.90	3,056.75	2,946.85	2,839.20	2,743.85
8/1/26	3,334.75	3,219.15	3,105.65	2,994.45	2,885.50	2,788.75
2/1/27	3,387.10	3,270.15	3,155.35	3,042.80	2,932.55	2,834.35
8/1/27	3,440.30	3,322.00	3,205.85	3,091.95	2,980.35	2,880.70
2/1/28	3,494.30	3,374.65	3,257.15	3,141.90	3,028.90	2,927.75
8/1/28	3,549.15	3,428.15	3,309.25	3,192.60	3,078.30	2,975.65
2/1/29	3,604.90	3,482.45	3,362.20	3,244.20	3,128.45	3,024.30
8/1/29	3,661.50	3,537.65	3,416.00	3,296.60	3,179.45	3,073.75
2/1/30	3,719.00	3,593.75	3,470.65	3,349.80	3,231.30	3,124.00
8/1/30	3,777.35	3,650.70	3,526.20	3,403.90	3,283.95	3,175.10
2/1/31	3,836.65	3,708.55	3,582.60	3,458.90	3,337.50	3,227.00
8/1/31	3,896.90	3,767.35	3,639.95	3,514.75	3,391.90	3,279.75
2/1/32	3,958.10	3,827.05	3,698.15	3,571.50	3,447.15	3,333.40
8/1/32	4,020.25	3,887.70	3,757.35	3,629.20	3,503.35	3,387.90
2/1/33	4,083.35	3,949.35	3,817.45	3,687.80	3,560.45	3,443.25
8/1/33	4,147.45	4,011.95	3,878.55	3,747.35	3,618.50	3,499.55
2/1/34	4,212.55	4,075.50	3,940.60	3,807.90	3,677.50	3,556.80
8/1/34	4,278.70	4,140.10	4,003.65	3,869.40	3,737.40	3,614.95
2/1/35	4,345.90	4,205.75	4,067.70	3,931.90	3,798.35	3,674.05
8/1/35	4,414.10	4,272.40	4,132.80	3,995.40	3,860.25	3,734.10
2/1/36	4,483.40	4,340.10	4,198.90	4,059.90	3,923.20	3,795.15
8/1/36	4,553.80	4,408.90	4,266.10	4,125.45	3,987.15	3,857.20
2/1/37	4,625.30	4,478.80	4,334.35	4,192.10	4,052.10	3,920.30
8/1/37	4,697.90	4,549.80	4,403.70	4,259.80	4,118.15	3,984.40
2/1/38	4,771.70	4,621.90	4,474.15	4,328.60	4,185.30	4,049.55
8/1/38	4,846.60	4,695.15	4,545.75	4,398.50	4,253.50	4,115.75
2/1/39	4,922.70	4,769.55	4,618.50	4,469.55	4,322.85	4,183.05
8/1/39	5,000.00	4,845.15	4,692.40	4,541.70	4,393.30	4,251.45
2/1/40		4,921.95	4,767.45	4,615.05	4,464.90	4,320.95
8/1/40		5,000.00	4,843.75	4,689.60	4,537.70	4,391.60
2/1/41			4,921.25	4,765.35	4,611.65	4,463.40
8/1/41			5,000.00	4,842.30	4,686.85	4,536.35
2/1/42				4,920.50	4,763.25	4,610.55
8/1/42				5,000.00	4,840.90	4,685.90
2/1/43					4,919.80	4,762.55
8/1/43					5,000.00	4,840.40
2/1/44						4,919.55
8/1/44						5,000.00

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APPENDIX I

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Policy No: _____

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

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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