NEW ISSUES – BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aa2"
Fitch: "AAA"
(See "MISCELLANEOUS – Ratings.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

San Juan
Unified School District

SAN JUAN UNIFIED SCHOOL DISTRICT
(Sacramento County, California)

$150,000,000
General Obligation Bonds,
Election of 2012, Series 2019

$80,000,000
General Obligation Bonds,
Election of 2016, Series 2019

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

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

The San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2019 (the "**2012 Bonds**"), and the San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2019 (the "**2016 Bonds**" and, together with the 2012 Bonds, the "**Bonds**") are being issued by the San Juan Unified School District (the "**District**") located in the County of Sacramento (the "**County**"), pursuant to a resolution adopted by the Board of Education of the District on December 11, 2018, for the purpose of providing funds to (i) finance specific construction, acquisition and modernization projects approved by the voters (as described herein), and (ii) pay the costs of issuance of the Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Interest on the Bonds is payable commencing on August 1, 2019, and each February 1 and August 1 thereafter to maturity or redemption prior thereto. Principal of the Bonds is payable on August 1 in each of the years and in the amounts set forth in the Maturity Schedules on the inside cover of this Official Statement. Payments of principal of and interest on the Bonds will be made by the County, as Paying Agent (the "**Paying Agent**") to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest" and APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

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

The Bonds are subject to redemption as more fully described herein. See "THE BONDS – Redemption."

MATURITY SCHEDULES
See Inside Cover

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriters by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about January 22, 2019.

RAYMOND JAMES®

KeyBanc
Capital Markets

This Official Statement is dated December 18, 2018.

MATURITY SCHEDULES

$150,000,000
SAN JUAN UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
General Obligation Bonds,
Election of 2012, Series 2019

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (798306)
2020	$12,400,000	4.000%	1.570%	VL7
2021	10,810,000	4.000	1.610	VM5
2022	5,935,000	4.000	1.690	VN3
2023	6,665,000	4.000	1.750	VP8
2024	7,500,000	4.000	1.840	VQ6
2025	8,375,000	4.000	1.970	VR4
2026	9,305,000	4.000	2.130	VS2
2027	10,295,000	4.000	2.280C	VT0
2028	14,585,000	4.000	2.450C	VU7
2029	19,895,000	4.000	2.650C	VV5
2030	21,345,000	4.000	2.800C	VW3
2031	13,890,000	4.000	2.950C	VX1
2031	9,000,000	3.000	3.250	WJ1

$80,000,000
SAN JUAN UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
General Obligation Bonds,
Election of 2016, Series 2019

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (798306)
2020	$22,000,000	4.000%	1.570%	VY9
2021	21,520,000	4.000	1.610	VZ6
2022	6,130,000	4.000	1.690	WA0
2023	6,600,000	4.000	1.750	WB8
2024	4,415,000	4.000	1.840	WC6
2025	4,755,000	4.000	1.970	WD4
2026	3,685,000	4.000	2.130	WE2
2027	3,960,000	4.000	2.280C	WF9
2028	3,345,000	4.000	2.450C	WG7
2029	3,590,000	4.000	2.650C	WH5

* Yields certified by the Underwriters. The District takes no responsibility therefor.
C Yield to the first optional par call date of August 1, 2026.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright(c) 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriters or their respective agents or counsel assume responsibility for the accuracy of such numbers.

SAN JUAN UNIFIED SCHOOL DISTRICT
COUNTY OF SACRAMENTO, CALIFORNIA

BOARD OF EDUCATION

Pam Costa, President
Paula Villescaz, Vice President
Michael McKibbin, Ed.D., Clerk
Saul Hernandez, Member
Zima Creason, Member

DISTRICT ADMINISTRATION

Kent Kern, Superintendent
Kent Stephens, Deputy Superintendent

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Underwriters' Counsel

Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation
Sacramento, California

Municipal Advisor

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

Paying Agent

County of Sacramento
Sacramento, California

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

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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

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

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

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

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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SAN JUAN UNIFIED SCHOOL DISTRICT
(Sacramento County, California)

$150,000,000 General Obligation Bonds, Election of 2012, Series 2019	$80,000,000 General Obligation Bonds, Election of 2016, Series 2019

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover and appendices hereto (the "Official Statement"), is provided to furnish information in connection with the San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2019 (the "2012 Bonds") and the San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2019 (the "2016 Bonds" and, together with the 2012 Bonds, the "Bonds"), as described more fully herein.

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

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

Quotations from and summaries and explanations of the Bonds, a paying agent agreement, dated as of January 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County of Sacramento (the "Paying Agent"), providing for the issuance of the Bonds, and the California Constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, California Constitutional provisions and statutes for the complete provisions thereof.

Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent, San Juan Unified School District, 3738 Walnut Avenue, Carmichael, CA 95608, (916) 971-7700. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District, located in the northeast portion of Sacramento County, California (the "County"), was established in 1960. The District is approximately 75 square miles in area and serves portions of the city of Citrus Heights and the unincorporated areas of Carmichael, Fair Oaks and Orangevale. The District also includes very small portions of the cities of Sacramento, Folsom and Rancho Cordova. The District currently operates 64 schools, including 9 comprehensive high schools, 8 middle schools, 33 elementary schools, 8 K-8 schools, 3 alternative education programs, and 3 special education centers. Ten charter schools also operate within the boundaries of the District. The District provides kindergarten through 12th grade education to approximately 39,900 students, an increase of about 60 students from the prior year.

The District is governed by a Board of Education (the "Board") consisting of five members. The regular members are elected to staggered four-year terms every two years, alternating between two and three available positions. The management and policies of the District are administered by the Superintendent, who is appointed by the Board and responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Kent Kern has served as Superintendent since March 2014.

For additional information about the District's operations and finances, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

THE BONDS

Authority for Issuance; Purpose

The Bonds are issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Government Code"), and other applicable provisions of law, including applicable provisions of the Education Code of the State (the "Education Code"), the Paying Agent Agreement and a resolution adopted by the Board on December 11, 2018 (the "Resolution").

The 2012 Bonds were authorized to be issued at an election held on November 6, 2012 (the "Election of 2012"), by more than 55% of the votes cast by eligible voters within the District for a bond measure known locally as "Measure N." Measure N authorized the District to issue bonds in an aggregate principal amount not to exceed $350,000,000 "to improve the quality of education at every school, modernize aging classrooms, upgrade technology, provide 21st century learning opportunities, improve student safety and become eligible for millions in additional State dollars." The 2012 Bonds are the fourth series to be issued pursuant to the Measure N authorization. After the issuance of the 2012 Bonds, $30,000,000 will remain to be issued by the District pursuant to the Measure N authorization.

The 2016 Bonds were authorized to be issued at an election held on November 8, 2016 (the "Election of 2016"), by more than 55% of the votes cast by eligible voters within the District for a bond measure known locally as "Measure P." Measure P authorized the District to issue bonds in an aggregate principal amount not to exceed $750,000,000 "to repair/upgrade all schools by: repairing aging/deteriorating classrooms/bathrooms/leaky roofs/plumbing/drinking fountains/water pipes/electrical wiring; upgrading classroom technology, math/science/computer labs, vocational education classrooms, and outdated fire safety/security systems; removing asbestos/lead paint; and, repairing, constructing, and acquiring educational facilities/equipment." The 2016 Bonds are the second series to be issued pursuant to the Measure P authorization. After the issuance of the 2016 Bonds, $630,080,000 will remain to be issued by the District pursuant to the Measure P authorization.

As required by the Education Code and the Measure N and Measure P authorizations, the District established a Citizens' Oversight Committee to review the District's expenditure of bond proceeds and its progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes.

The 2012 Bonds and the 2016 Bonds are being issued to (i) finance specific construction, acquisition and modernization projects approved by the voters in the Election of 2012 and Election of 2016, respectively, and (ii) pay costs of issuance of the Bonds. See "– Application and Investment of Bond Proceeds."

Form and Registration

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

Payment of Principal and Interest

The Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on August 1, 2019 until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on July 15, 2019 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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

Principal will be payable at maturity, as set forth on the inside cover page, or upon redemption prior to maturity, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent will designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "Interest and Sinking Fund") within the County Treasury, consisting of ad valorem property taxes collected and held by the Director of Finance of the County (the "Director of Finance"), together with any net premium and accrued interest received upon issuance of the Bonds.

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

Redemption

Optional Redemption of Bonds. The Bonds maturing on or before August 1, 2026, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 2027, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 2026. The Bonds will be redeemed at a price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the Bonds will be redeemed as directed by the District, and if not so directed, in inverse order of maturities, and if less than all of the Bonds of any given maturity are called for redemption, the portions of the Bonds of a given maturity to be redeemed will be redeemed as directed by the District, and if not so directed, will be determined by lot.

Notwithstanding anything herein to the contrary, so long as Cede & Co., as the nominee of DTC, or any substitute depository for the Bonds is the registered owner to the Bonds, the selection of Bonds held by beneficial owners in book-entry form for redemption will be made by DTC or such substitute depository for the Bonds pursuant to the procedures of DTC or the substitute depository for the Bonds. The procedures of DTC or the substitute Depository for the Bonds may not be consistent with the procedures outlined above. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Notice of Redemption. Notice of redemption of any Bond is required to be given by the Paying Agent, upon written request of the District, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption is required to contain the following information: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be called for redemption, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the owners at such office of the Paying Agent designated by the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the redemption date. A certificate of the Paying Agent or the District that notice of call and redemption has been given to owners and to the appropriate securities depositories as provided in the Paying Agent Agreement will be conclusive against all parties. The actual receipt by the owner of any Bond or by any securities depository of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the Paying Agent Agreement, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Paying Agent Agreement, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The owners of such Bonds called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit for such purpose in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

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

Defeasance of Bonds

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

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

Unclaimed Moneys

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

Application and Investment of Bond Proceeds

The proceeds of sale of the Bonds, exclusive of any premium and accrued interest received, will be deposited in the County Treasury to the credit of the Building Fund of the District. Any premium and accrued interest will be deposited upon receipt in the Interest and Sinking Fund of the District within the County Treasury.

All funds held by the Director of Finance with respect to the Bonds hereunder or under the law will be invested at the discretion of the Director of Finance pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund may also be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State.

The District will not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Internal Revenue Code of 1986 (the "Code").

In the event that at any time the District is of the opinion that it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Director of Finance with respect to the Bonds, or by the Paying Agent under the Paying Agent Agreement, the District will so instruct the Director of Finance or the Paying Agent, as appropriate, in writing, and the Director of Finance and the Paying Agent will take such action as may be necessary in accordance with such instructions.

If the District provides to the Director of Finance or the Paying Agent an opinion of Bond Counsel that any specified action required under the Paying Agent Agreement is no longer required or that some further or different action is required in order to maintain the exclusion from federal income tax of interest on Bonds under Section 103 of the Code, the Director of Finance and the Paying Agent may conclusively rely on such opinion in complying with the requirements of the Paying Agent Agreement, and the covenants thereunder will be deemed to be modified to that extent.

Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District. For information on the County's investment policy, see APPENDIX F – "COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT."

ESTIMATED SOURCES AND USES OF FUNDS

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

	Election of 2012, Series 2019 Bonds	Election of 2016, Series 2019 Bonds
Sources of Funds		
Principal Amount of Bonds	$150,000,000.00	$80,000,000.00
Net Original Issue Premium	12,351,380.30	5,910,978.65
Total Sources:	$162,351,380.30	$85,910,978.65
Uses of Funds		
Deposit to Building Fund	$149,710,000.00	$79,805,000.00
Deposit to Interest and Sinking Fund	11,841,380.30	5,638,978.65
Underwriters' Discount	510,000.00	272,000.00
Costs of Issuance[1]	290,000.00	195,000.00
Total Uses:	$162,351,380.30	$85,910,978.65

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(1) Includes bond counsel fees, disclosure counsel fees, rating agency fees, paying agent fees, municipal advisor fees, costs of issuance custodian fees, printing fees and other miscellaneous expenses.

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SCHEDULED DEBT SERVICE

Debt Service of the Bonds

The District's semi-annual debt service payments for the Bonds (without regard to optional redemption) are summarized in the table below.

	2012 Bonds			2016 Bonds		
Payment Date	Principal	Interest	Total Annual Debt Service	Principal	Interest	Total Annual Debt Service
August 1, 2019	–	$3,102,750.00	$ 3,102,750.00	–	$1,680,000.00	$ 1,680,000.00
February 1, 2020	–	2,955,000.00	–	–	1,600,000.00	–
August 1, 2020	$12,400,000.00	2,955,000.00	18,310,000.00	$22,000,000.00	1,600,000.00	25,200,000.00
February 1, 2021	–	2,707,000.00	–	–	1,160,000.00	–
August 1, 2021	10,810,000.00	2,707,000.00	16,224,000.00	21,520,000.00	1,160,000.00	23,840,000.00
February 1, 2022	–	2,490,800.00	–	–	729,600.00	–
August 1, 2022	5,935,000.00	2,490,800.00	10,916,600.00	6,130,000.00	729,600.00	7,589,200.00
February 1, 2023	–	2,372,100.00	–	–	607,000.00	–
August 1, 2023	6,665,000.00	2,372,100.00	11,409,200.00	6,600,000.00	607,000.00	7,814,000.00
February 1, 2024	–	2,238,800.00	–	–	475,000.00	–
August 1, 2024	7,500,000.00	2,238,800.00	11,977,600.00	4,415,000.00	475,000.00	5,365,000.00
February 1, 2025	–	2,088,800.00	–	–	386,700.00	–
August 1, 2025	8,375,000.00	2,088,800.00	12,552,600.00	4,755,000.00	386,700.00	5,528,400.00
February 1, 2026	–	1,921,300.00	–	–	291,600.00	–
August 1, 2026	9,305,000.00	1,921,300.00	13,147,600.00	3,685,000.00	291,600.00	4,268,200.00
February 1, 2027	–	1,735,200.00	–	–	217,900.00	–
August 1, 2027	10,295,000.00	1,735,200.00	13,765,400.00	3,960,000.00	217,900.00	4,395,800.00
February 1, 2028	–	1,529,300.00	–	–	138,700.00	–
August 1, 2028	14,585,000.00	1,529,300.00	17,643,600.00	3,345,000.00	138,700.00	3,622,400.00
February 1, 2029	–	1,237,600.00	–	–	71,800.00	–
August 1, 2029	19,895,000.00	1,237,600.00	22,370,200.00	3,590,000.00	71,800.00	3,733,600.00
February 1, 2030	–	839,700.00	–	–	–	–
August 1, 2030	21,345,000.00	839,700.00	23,024,400.00	–	–	–
February 1, 2031	–	412,800.00	–	–	–	–
August 1, 2031	22,890,000.00	412,800.00	23,715,600.00	–	–	–
Total	$150,000,000.00	$48,159,550.00	$198,159,550.00	$80,000,000.00	$13,036,600.00	$93,036,600.00

Combined Debt Service

The District received authorization at the November 3, 1998 bond election to issue general obligation bonds in a principal amount of $157,000,000 (the "1998 Authorization"). Pursuant to the 1998 Authorization, the District issued its first series of bonds in the amount of $27,500,197.30 on August 2, 1999 (the "Series 1999 Bonds"); its second series of bonds in the amount of $41,997,786.20 on August 3, 2000 (the "Series 2000 Bonds"); its third and fourth series of bonds in the amount of $16,120,000 of Series 2001A current interest bonds (the "Series 2001A Bonds") and $30,877,897.05 of Series 2001B capital appreciation bonds on August 2, 2001 (the "Series 2001B Bonds"); and its fifth and sixth series of bonds in the amount of $14,000,000 of Series 2003A current interest bonds (the "Series 2003A Bonds") and $26,504,104.55 of Series 2003B capital appreciation bonds on August 13, 2003 (the "Series 2003B Bonds"). The District issued its General Obligation Bonds, Election of 1998, Series 2007 (the "Series 2007 Refunding Bonds") in the amount of $49,930,000 on June 7, 2007, which advance refunded a portion of the Series 1999 Bonds and the Series 2000 Bonds. The District issued its 2012 General Obligation Refunding Bonds, Series A (the "Series A Refunding Bonds") in the amount of $12,345,000 on April 3, 2012, which currently refunded the Series 2001A Bonds and advance refunded the Series 2003A Bonds. The District issued its General Obligation Refunding Bonds, Election of 1998, Series 2015 ("Series 2015 Refunding Bonds") in the amount of $25,770,000 on May 15, 2015, which currently refunded the Series 2007 Refunding Bonds. There is no remaining authorization under the 1998 Authorization.

The following schedule shows the combined debt service for the general obligation bonds issued by the District pursuant to the 1998 Authorization, assuming no optional redemption.

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SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINED 1998 AUTHORIZATION GENERAL OBLIGATION
DEBT SERVICE SCHEDULE*

Year Ending August 1	Series 1999 Bonds	Series 2000 Bonds	Series 2001B Bonds	Series 2003 Bonds	Series A Refunding Bonds	Series 2015 Refunding Bonds	Combined Debt Service
2019	–	–	$ 4,430,000	$ 1,945,000	$1,168,681	$5,770,800	$13,314,481
2020	$1,825,000	–	4,930,000	1,980,000	1,234,481	3,906,000	13,875,481
2021	1,820,000	$1,535,000	8,555,000	1,935,000	1,226,281	–	15,071,281
2022	1,820,000	1,550,000	9,445,000	2,017,546	935,931	–	15,768,477
2023	1,820,000	1,565,000	10,030,000	2,102,348	936,731	–	16,454,079
2024	1,810,000	1,580,000	10,655,000	2,194,612	937,031	–	17,176,643
2025	–	1,595,000	10,895,000	4,500,640	940,538	–	17,931,177
2026	–	–	12,215,000	5,570,000	937,013	–	18,722,012
2027	–	–	–	18,605,000	936,563	–	19,541,562
2028	–	–	–	19,470,000	938,938	–	20,408,937
TOTAL	$9,095,000	$7,825,000	$71,155,000	$60,320,146	$10,192,187	$9,676,800	$168,264,130

* Totals may not add due to rounding.

The District received authorization at the November 5, 2002 bond election to issue general obligation bonds in a principal amount of $350,000,000 (the "2002 Authorization"). The Election of 2002 was conducted pursuant to California State Proposition 39 of November 2000, which amended Article XIIIA of the State Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features. Pursuant to the 2002 Authorization, the District issued its first series of bonds in the amount of $46,000,000 on August 13, 2003 (the "Series 2003 Bonds"); its second series of bonds in the amount of $68,999,931.40 on August 26, 2004 (the "Series 2004A Bonds"); its third series of bonds in the amount of $70,000,000 on July 5, 2007 (the "Series 2007 Bonds"); its fourth series of bonds in the amount of $55,000,000 on July 23, 2010 (the "Series 2010 Bonds"); its fifth series of bonds in the amount of $10,600,000 on June 10, 2011 (the "Series 2011 Bonds"); its sixth series of bonds in the amount of $50,000,000 on February 21, 2013 (the "Series 2013 Bonds"); its seventh series of bonds in the amount of $25,925,000 on July 1, 2014 (the "Series 2014 Bonds"); and its eighth series of bonds in the amount of $23,475,000 on March 14, 2017 (the "Series 2017 Bonds"). The District issued 2012 General Obligation Refunding Bonds Series B in the amount of $23,910,000 on April 3, 2012 (the "Series B Refunding Bonds"), which refunded a portion of the Series 2003 Bonds; 2012 General Obligation Refunding Bonds, Series C in the amount of $36,480,000 on October 4, 2012, which refunded a portion of the Series 2004A Bonds (the "Series C Refunding Bonds"); General Obligation Refunding Bonds, Election of 2002, Series 2014 in the amount of $44,265,000 on May 1, 2014, which refunded a portion of the Series 2007 Bonds (the "Series 2014 Refunding Bonds"); and General Obligation Bonds, Election of 2012, Refunding Series 2017 in the amount of $37,890,000 on March 14, 2017, which refunded a portion of the Series 2010 Bonds (the "Series 2017 Refunding Bonds"). There is no remaining authorization under the 2002 Authorization.

The following schedule shows the combined debt service for the general obligation bonds issued by the District pursuant to the 2002 Authorization, assuming no optional redemption.

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SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINED 2002 AUTHORIZATION GENERAL OBLIGATION
DEBT SERVICE SCHEDULE*

Year Ending August 1	Series 2004 Bonds	Series 2010 Bonds	Series 2011 Bonds†	Series 2013 Bonds	Series 2014 Bonds	Series B Refunding Bonds	Series C Refunding Bonds	Series 2014 Refunding Bonds	Series 2017 Bonds	Series 2017 Refunding Bonds	Combined Debt Service
2019	–	$1,883,250	$ 974,275	$2,743,769	$1,464,050	$2,147,550	$3,607,400	$4,141,000	$3,061,275	$1,697,381	$21,719,950
2020	–	1,872,000	989,275	2,744,269	1,465,300	2,207,150	3,604,400	4,117,750	3,661,875	1,700,731	22,362,750
2021	–	–	989,275	2,741,769	1,465,950	2,277,350	3,602,000	4,095,000	4,242,500	3,598,481	23,012,325
2022	–	–	989,275	2,741,269	1,466,000	2,342,550	3,605,400	4,067,500	2,791,300	5,518,781	23,522,075
2023	–	–	989,275	3,012,519	1,460,450	2,412,750	3,604,200	4,035,250	–	8,639,231	24,153,675
2024	–	–	989,275	2,991,769	1,464,450	2,490,000	3,603,400	4,013,250	–	9,067,031	24,619,175
2025	–	–	989,275	2,967,769	1,462,700	2,559,000	3,607,800	3,980,750	–	9,530,031	25,097,325
2026	–	–	1,002,729‡	2,945,519	1,465,450	2,634,750	3,607,000	3,948,000	–	3,687,400	19,290,848
2027	–	–	–	2,938,919	1,461,200	2,716,500	3,605,000	3,919,750	–	–	14,641,369
2028	$3,970,000	–	–	2,954,369	1,460,200	2,803,500	–	3,885,500	–	–	15,073,569
2029	3,965,000	–	–	2,972,569	1,462,200	–	–	3,850,250	–	–	12,250,019
2030	–	–	–	2,988,369	1,461,000	–	–	7,428,750	–	–	11,878,119
2031	–	–	–	3,001,769	8,474,000	–	–	–	–	–	11,475,769
2032	–	–	–	3,017,769	1,554,000	–	–	–	–	–	4,571,769
2033	–	–	–	3,030,256	–	–	–	–	–	–	3,030,256
2034	–	–	–	3,044,819	–	–	–	–	–	–	3,044,819
2035	–	–	–	3,056,294	–	–	–	–	–	–	3,056,294
2036	–	–	–	3,066,350	–	–	–	–	–	–	3,066,350
2037	–	–	–	3,074,575	–	–	–	–	–	–	3,074,575
2038	–	–	–	3,079,125	–	–	–	–	–	–	3,079,125
TOTAL	$7,935,000	$3,755,250	$7,912,654	$59,113,831	$27,586,950	$24,591,100	$32,466,600	$51,482,750	$13,756,950	$43,439,069	$272,020,158

* Totals may not add due to rounding.
† Gross debt service.
‡ June 1 maturity.

The District received authorization at the November 6, 2012, bond election to issue general obligation bonds in a principal amount of $350,000,000 (the "2012 Authorization") pursuant to the approval of 55% or more of the votes cast on the measure. Pursuant to the 2012 Authorization, the District issued its first series of bonds in the principal amount of $20,000,000 on February 21, 2013 (the "Series A Bonds"); its second series of bonds in the principal amount of $80,000,000 on July 1, 2014 (the "Series B Bonds"); and its third series of bonds in the principal amount of $70,000,000 on March 14, 2017 (the "Election of 2012, Series 2017 Bonds"). Prior to the issuance of the 2012 Bonds, there is $180,000,000 of 2012 Authorization remaining.

The following schedule shows the debt service for the general obligation bonds issued by the District pursuant to the 2012 Authorization prior to the issuance of the 2012 Bonds, assuming no optional redemption.

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINED 2012 AUTHORIZATION GENERAL OBLIGATION
DEBT SERVICE SCHEDULE

Year Ending August 1	Series B Bonds	Election of 2012, Series 2017 Bonds	Election of 2012, Series 2019 Bonds	Combined Debt Service
2019	$4,259,950	$16,985,025	$ 3,102,750	$24,347,725
2020	4,262,000	5,367,725	18,310,000	27,939,725
2021	4,261,050	5,366,350	16,224,000	25,851,400
2022	4,257,100	5,366,700	10,916,600	20,540,400
2023	4,260,150	5,368,300	11,409,200	21,037,650
2024	4,259,900	5,366,000	11,977,600	21,603,500
2025	4,256,350	5,369,800	12,552,600	22,178,750
2026	4,259,500	5,369,400	13,147,600	22,776,500
2027	4,259,050	5,364,800	13,765,400	23,389,250
2028	–	5,366,400	17,643,600	23,010,000
2029	–	–	22,370,200	22,370,200
2030	–	–	23,024,400	23,024,400
2031	–	–	23,715,600	23,715,600
TOTAL	$38,335,050	$65,290,500	$198,159,550	$301,785,100

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The District received authorization at the November 8, 2016, bond election to issue general obligation bonds in a principal amount of $750,000,000 (the "2016 Authorization") pursuant to the approval of 55% or more of the votes cast on the measure. Pursuant to the 2016 Authorization, the District issued its first series of bonds in the principal amount of $39,920,000 on March 14, 2017 (the "Election of 2016, Series 2017 Bonds"). Prior to the issuance of the 2016 Bonds, there is $710,080,000 of 2016 Authorization remaining.

The following schedule shows the debt service for the general obligation bonds issued by the District pursuant to the 2016 Authorization prior to the issuance of the 2016 Bonds.

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINED 2016 AUTHORIZATION GENERAL OBLIGATION
DEBT SERVICE SCHEDULE

Year Ending August 1	Election of 2016, Series 2017 Bonds	Election of 2016, Series 2019 Bonds	Combined Debt Service
2019	$21,243,125	$ 1,680,000	$22,923,125
2020	–	25,200,000	25,200,000
2021	–	23,840,000	23,840,000
2022	–	7,589,200	7,589,200
2023	–	7,814,000	7,814,000
2024	–	5,365,000	5,365,000
2025	–	5,528,400	5,528,400
2026	–	4,268,200	4,268,200
2027	–	4,395,800	4,395,800
2028	–	3,622,400	3,622,400
2029	–	3,733,600	3,733,600
TOTAL	$21,243,125	$93,036,600	$114,279,725

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – THE DISTRICT – District Debt Structure."

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SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County (the "Board of Supervisors") is empowered and is obligated by law to levy ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required by law to be maintained by the County and to be used solely for the payment of bonds of the District.

The Bonds are payable from ad valorem taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Bonds.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. This pledge is valid and binding from the date of adoption of the District Resolution for the benefit of the owners of the Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. "Bonds" for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter-approved measures of the District, including the 2012 Bonds and the 2016 Bonds, as all such Bonds are required by State law to be paid from the Interest and Sinking Fund of the District.

The pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist. The Bonds and each of the other bonds secured by the pledge are or were issued to finance or refinance one or more of the projects specified in the applicable voter-approved measure.

Statutory Lien -SB 222

California Senate Bill 222 (2015) ("SB 222"), effective January 1, 2016, provides that general obligation bonds are secured by a statutory lien on the ad valorem taxes levied and collected to pay principal and interest thereon. For more information, see "OTHER LEGAL MATTERS - Possible Limitations on Remedies; Bankruptcy."

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. To the extent the decisions in these appeals affect the treatment or scope of special revenues in bankruptcy cases, they may also affect Fitch's rating on the Bonds. It is not possible to predict the outcomes or the effects of the outcomes in these appeals and the District cannot predict if or how the ruling in the pending appeals may affect Fitch's rating on the Bonds.

Property Taxation System

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

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

Assessed Valuation of Property Within the District

Taxable property located in the District had a 2017-18 assessed value of approximately \$34.2 billion and has a 2018-19 assessed value of approximately \$36.2 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property; while the State Legislature may not create exemptions for real property, it has in the past implemented property tax postponement programs, including Assembly Bill 2231 ("AB 2231"), signed by the Governor on September 28, 2014 to allow certain qualifying senior, blind, and disabled citizens to defer payment of property taxes on their principal residence. Although most taxable property is assessed by the assessor of the county in which the property is located, some special classes of property are assessed by the State Board of Equalization, as described below.

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

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

Locally taxed property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The following table shows the recent history of taxable assessed valuation of the various classes of property in the District since fiscal year 2011-12.

SAN JUAN UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuation
Fiscal Year 2011-12 through Fiscal Year 2018-19

	Local Secured	Utility	Unsecured	Total
2011-12	$26,949,114,183	$1,716,240	$668,090,973	$27,618,921,396
2012-13	26,470,840,466	1,716,240	657,573,616	27,130,130,322
2013-14	27,607,470,387	1,716,240	627,411,386	28,236,598,013
2014-15	29,069,299,790	1,716,240	616,131,633	29,687,147,663
2015-16	30,384,495,444	1,930,986	603,173,194	30,989,599,624
2016-17	31,786,003,764	1,940,243	577,316,326	32,365,260,333
2017-18	33,625,144,904	1,940,243	589,502,228	34,216,587,375
2018-19	35,496,600,206	1,940,243	669,197,307	36,167,737,756

Source: California Municipal Statistics, Inc.

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

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

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. Counties have in the past ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to ad valorem taxes.

Drought. In recent years California has been experiencing severe drought conditions. In January 2014, Governor Brown declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "State Water Board") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. As a result of continuing dry conditions and low water content in the State's snow pack water sources, in April 2015, the Governor issued an executive order mandating specific conservation measures. The executive order included a requirement that the State Water Board impose restrictions to achieve a reduction of 25% in the State's urban water usage through February 28, 2016. On May 5, 2015, the State Water Board adopted an emergency conservation regulation in accordance with Governor Brown's directive, the provisions of which went into effect on May 18, 2015. On November 13, 2015, Governor Brown issued another executive order calling for an extension of the restrictions to urban potable water usage until October 31, 2016, should drought conditions persist through January 2016. Given the severity of the water deficits over the past four years, the rain and snowfall that California experienced through January 2016 did not eliminate the need for serious water use restrictions. On February 2, 2016, the State Water Board adopted new regulations to extend water conservation mandates through the end of October 2016 and lowered the overall conservation requirements from 25% to 23%, with exceptions for cities with particular hot weather or high levels of population growth in recent years. It is not possible for the District to make any representation regarding the extent to which these drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures.

Wildfire. In recent years, portions of California, including the surrounding area, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a decrease in the assessed value of property in the District.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2018-19 assessment roll, the District's gross bonding capacity is approximately $904.2 million, and its net bonding capacity is $297.3 million (taking into account current outstanding debt following the issuance of the Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

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Assessed Valuation by Jurisdiction. The following table provides a distribution of taxable property located in the District by jurisdiction.

SAN JUAN UNIFIED SCHOOL DISTRICT
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Citrus Heights	$7,002,776,143	19.36%	$7,028,772,091	99.63%
City of Folsom	252,918,496	0.70	13,800,122,148	1.83
City of Rancho Cordova	23,219,388	0.06	8,658,811,202	0.27
City of Sacramento	1,066,882,511	2.95	50,797,052,535	2.10
Unincorporated Sacramento County	27,821,941,218	76.92	58,456,133,790	47.59
Total District	$36,167,737,756	100.00%		
Sacramento County	$36,167,737,756	100.00%	$161,119,543,526	22.45%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table provides a distribution of taxable property located in the District by principal purpose for which the land is used, showing the assessed valuation and number of parcels for each use. Single family residential properties comprise 70.84% of the assessed value of property located in the District.

SAN JUAN UNIFIED SCHOOL DISTRICT
2018-19 Taxable Assessed Valuation and Parcels by Land Use

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$2,829,308,611	7.97%	1,785	1.65%
Office	1,518,161,575	4.28	1,268	1.17
Vacant Commercial	73,750,574	0.21	257	0.24
Industrial	384,729,160	1.08	337	0.31
Vacant Industrial	5,571,660	0.02	46	0.04
Recreational	123,561,510	0.35	70	0.06
Government/Social/Institutional	230,523,026	0.65	1,666	1.54
Miscellaneous	9,237,677	0.03	901	0.83
Subtotal Non-Residential	$5,174,843,793	14.58%	6,330	5.86%
Residential:				
Single Family Residence	$25,144,962,769	70.84%	87,791	81.29%
Condominium/Townhouse	645,300,284	1.82	4,775	4.42
Hotel/Motel	56,893,837	0.16	16	0.01
Mobile Home	67,416,751	0.19	1,633	1.51
Mobile Home Park	146,773,885	0.41	41	0.04
2-4 Residential Units	1,271,161,848	3.58	4,158	3.85
5+ Residential Units/Apartments	2,818,561,026	7.94	934	0.86
Vacant Residential	170,686,013	0.48	2,325	2.15
Subtotal Residential	$30,321,756,413	85.42%	101,673	94.14%
Total	$35,496,600,206	100.00%	108,003	100.00%

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

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Assessed Valuation of Single Family Homes. The following table provides a distribution of the per-parcel secured assessed value of single family homes. For fiscal year 2018-19, the average assessed valuation of single family homes is $286,418 and the median assessed value of single family homes is $247,248.

SAN JUAN UNIFIED SCHOOL DISTRICT
Per Parcel 2018-19 Assessed Valuation of Single Family Homes

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	87,791	$25,144,962,769	$286,418	$247,248

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	127	0.145%	0.145%	$ 1,656,413	0.007%	0.007%
$25,000 - $49,999	1,170	1.333	1.477	51,298,362	0.204	0.211
$50,000 - $74,999	4,082	4.650	6.127	255,791,218	1.017	1.228
$75,000 - $99,999	4,282	4.877	11.005	373,620,046	1.486	2.714
$100,000 - $124,999	4,764	5.427	16.431	537,731,228	2.139	4.852
$125,000 - $149,999	5,396	6.146	22.577	743,684,417	2.958	7.810
$150,000 - $174,999	6,124	6.976	29.553	996,473,632	3.963	11.773
$175,000 - $199,999	6,434	7.329	36.882	1,205,805,024	4.795	16.568
$200,000 - $224,999	6,113	6.963	43.845	1,297,303,202	5.159	21.727
$225,000 - $249,999	6,270	7.142	50.987	1,490,373,017	5.927	27.655
$250,000 - $274,999	5,672	6.461	57.448	1,488,416,669	5.919	33.574
$275,000 - $299,999	5,285	6.020	63.468	1,517,521,252	6.035	39.609
$300,000 - $324,999	4,949	5.637	69.105	1,544,443,332	6.142	45.751
$325,000 - $349,999	4,282	4.877	73.983	1,444,098,129	5.743	51.494
$350,000 - $374,999	3,692	4.205	78.188	1,336,127,026	5.314	56.808
$375,000 - $399,999	2,962	3.374	81.562	1,146,359,038	4.559	61.367
$400,000 - $424,999	2,383	2.714	84.276	981,880,906	3.905	65.272
$425,000 - $449,999	2,030	2.312	86.589	887,147,552	3.528	68.800
$450,000 - $474,999	1,643	1.871	88.460	759,146,452	3.019	71.819
$475,000 - $499,999	1,476	1.681	90.141	719,135,591	2.860	74.679
$500,000 and greater	8,655	9.859	100.000	6,366,950,263	25.321	100.000
Total	87,791	100.000%		$25,144,962,769	100.000%	

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

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Largest Taxpayers

The 20 largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2018-19.

SAN JUAN UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers 2018-19

Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1. Montage Apts Prop Owner LLC	Apartments	$76,989,600	0.22%
2. Wal Mart Real Estate Business Trust	Commercial	74,271,703	0.21
3. Birdcage GRF2 LLC	Commercial	71,807,452	0.20
4. OP Eleven Hundred Owner LLC	Apartments	70,380,000	0.20
5. MP Core Selby Ranch LLC	Apartments	65,988,915	0.19
6. Country Club Centre Group LLC	Commercial	54,675,639	0.15
7. Ethan Conrad	Commercial	50,391,481	0.14
8. Sunrise Mall Property LLC	Commercial	47,891,881	0.13
9. Lakeview Gold 101305 LP	Mobile Home Park	46,894,256	0.13
10. AU Zone Madison LLC /NMC Madison Marketplace	Commercial	46,560,000	0.13
11. SY Howe Arden LLC	Commercial	45,669,556	0.13
12. Mitchell/Sippola LP	Commercial	44,484,539	0.13
13. Oakmont Props Tributary Point LLC	Apartments	43,800,840	0.12
14. DS Town/Country LLC	Commercial	42,970,632	0.12
15. SY Arden Way LLC	Commercial	40,453,641	0.11
16. Pearl Investment Company	Apartments	36,251,589	0.10
17. Dignity Health	Office Building	35,921,024	0.10
18. Conference Claimants Endowment Board	Apartments	34,320,445	0.10
19. Donahue Schriber Realty Group LP	Commercial	34,207,891	0.10
20. Chateau at Rives Edge CA LLC	Assisted Living Facility	32,640,000	0.09
		$996,571,084	2.81%

[1] 2018-19 Local Secured Assessed Valuation: $35,496,600,206
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "– Appeals of Assessed Valuation; Blanket Reductions of Assessed Values" above.

Tax Rates

The State Constitution permits the levy of an ad valorem tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special ad valorem property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

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

Typical Tax Rate Area. The following table shows ad valorem property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 6-008). TRA 6-008 comprises approximately 6.32% of the total assessed value of taxable property in the District in fiscal year 2018-19.

SAN JUAN UNIFIED SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation (TRA 6-008[(1)])
Fiscal Year 2014-15 through Fiscal Year 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
Los Rios Community College District	0.0113	0.0091	0.0141	0.013	0.0131
San Juan Unified School District	0.1509	0.1547	0.1522	0.2115	0.1993
Total All Property Tax Rate	$1.1622	$1.1638	$1.1663	$1.2245	$1.2124

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[(1)] The 2018-19 assessed valuation of TRA 6-008 is $2,287,424,709 which is 6.32% of the total assessed valuation of the District.
Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Bonds to be approved by a 55% affirmative vote, bonds approved by the District's voters at the Election of 2012 and Election of 2016 may not be issued unless the District projects that repayment of all outstanding bonds approved at the election will require a tax rate no greater than $60.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay all outstanding bonds approved at such elections will be within that legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Bonds in each year.

Tax Charges and Delinquencies

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

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Teeter Plan

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

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

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

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

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

The Teeter Plan was effective for the fiscal year commencing July 1, 1993, and pursuant to the Teeter Plan the County purchased all delinquent receivables (comprised of delinquent taxes, penalties, and interest) which had accrued as of June 30, 1993, from local taxing entities and selected special assessment districts and community facilities districts. Under the Teeter Plan, the County distributes tax collections on a cash-basis to taxing entities, such as the District, during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

The County reserves the right to exclude from the Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County's delinquency rate on the collection of current year ad valorem taxes on the countywide secured assessment roll, such agency's special taxes or assessments may, at the County's option, be included in the Teeter Plan.

The ad valorem property tax levied to pay the interest on and principal of the Bonds of the District is subject to the Teeter Plan. So long as the Teeter Plan is in effect, the District will receive 100% of the ad valorem property tax levied on the secured roll to pay its bonds irrespective of actual delinquencies in the collection of the tax by the County.

The following table shows a recent history of real property tax collections and delinquencies for the tax levied to repay the District's general obligation bonds, without regard to the Teeter Plan.

SAN JUAN UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Year 2009-10 through Fiscal Year 2017-18

	Secured Tax Charge[1]	Amount Delinquent June 30	% Delinquent June 30
2009-10	$18,935,536	$499,192	2.64%
2010-11	21,984,357	444,097	2.02
2011-12	24,977,032	414,725	1.66
2012-13	25,938,312	341,917	1.32
2013-14	44,248,271	444,308	1.00
2015-16	46,258,681	409,432	0.89
2016-17	47,662,841	418,837	0.88
2017-18	70,210,300	613,392	0.87

(1) The District's general obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Bonded Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of December 1, 2018, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

SAN JUAN UNIFIED SCHOOL DISTRICT
Direct and Overlapping Debt

2018-19 Assessed Valuation: $36,167,737,756

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 12/1/18
Los Rios Community College District	18.490%	$ 73,255,229
San Juan Unified School District	100.000	376,880,956(1)
Sacramento County Community Facilities District No. 2004-1 (McClellan Park)	3.403	983,637
Sacramento Area Flood Control Agency Consolidated Capital Assessment District	5.746	15,709,277
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$466,829,099
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	22.448%	$ 46,370,277
Sacramento County Pension Obligation Bonds	22.448	198,815,213
Sacramento County Board of Education Certificates of Participation	22.448	1,086,483
Los Rios Community College District Certificates of Participation	18.490	81,356
San Juan Unified School District Certificates of Participation	100.000	251,352(2)
City of Folsom General Fund Obligations	1.833	35,395
City of Rancho Cordova Certificates of Participation	0.268	42,116
City of Sacramento General Fund Obligations	2.100	14,810,880
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	52.298	30,601,638
Sunrise Recreation and Park District Certificates of Participation	12.604 – 75.685	4,714,682
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$296,809,392
Less: Sacramento County supported obligations		3,826,827
City of Sacramento supported obligations		10,483,365
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$282,499,200
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		
Sacramento County Mather/McClellan Merged Redevelopment Project Area	11.654%	$7,626,960
TOTAL OVERLAPPING TAX INCREMENT DEBT		$7,626,960
GROSS COMBINED TOTAL DEBT		$771,265,451(3)
NET COMBINED TOTAL DEBT		$756,955,259

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($376,880,956) 1.04%
Total Direct and Overlapping Tax and Assessment Debt 1.29%
Combined Direct Debt ($377,132,308) 1.04%
Gross Combined Total Debt 2.13%
Net Combined Total Debt....................2.09%

Ratios to Redevelopment Incremental Valuation ($416,184,317):

Total Overlapping Tax Increment Debt....................1.83%

(1) Excludes issues to be sold.
(2) 2008 Qualified Zone Academy Bonds not supported by investment fund.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code and is exempt from State personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the 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 Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

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

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

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

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

OTHER LEGAL MATTERS

Legal Opinion

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

Possible Limitations on Remedies; Bankruptcy

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

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

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District (including ad valorem tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except as described below in the case of "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory and is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that ad valorem taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only ad valorem tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of ad valorem taxes is respected in a bankruptcy case, then ad valorem tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to Senate Bill 222, all general obligation bonds issued by local agencies, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless such taxes are "special revenues" within the meaning of the Bankruptcy Code and the pledged ad valorem taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

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

In addition, even if the ad valorem tax revenues are determined to be "special revenues," the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the District's tax collections are "derived" from a District project or system, then the court could determine that bondholders may not compel use of debt service ad valorem tax revenues to pay debt service to the extent the revenues are needed to pay necessary operating expenses of the District and its schools.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. To the extent the decisions in these appeals affect the treatment or scope of special revenues in bankruptcy cases, they may also affect Fitch's rating on the Bonds. It is not possible to predict the outcomes or the effects of the outcomes in these appeals and the District cannot predict if or how the ruling in the pending appeals may affect Fitch's rating on the Bonds.

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

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

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2017-18 fiscal year (which is due no later than April 1, 2019) and to provide notice of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule").

During the five-year period preceding the date of this Official Statement, the District failed to timely file certain material event notices of insurer-related rating changes required by the terms of its previous undertakings with respect to certain series of obligations. The District has put procedures in place to prevent future noncompliance, including having Capitol Public Finance Group, LLC, the District's current dissemination agent ("Dissemination Agent"), assist the District with compliance with its continuing disclosure obligations. On April 14, 2015, the Capitol Public Finance Group, LLC made a remedial filing to make the District current in its continuing disclosure obligations under the Rule. The Dissemination Agent continues to work with the District in establishing and maintaining the necessary safeguards to assist in the timely filing of required information.

No Litigation

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

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

MISCELLANEOUS

Ratings

The Bonds have received the rating of "Aa2" by Moody's Investors Service ("Moody's"), and the rating of "AAA" by Fitch Ratings Inc. ("Fitch"). A rating agency generally bases its rating on its own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). Such rating reflects only the views of the rating agency, and any explanation of the significance of such rating may be obtained from the rating agency furnishing such rating, from Moody's at www.moodys.com and from Fitch at www.fitchratings.com. The information set forth on such website is not incorporated herein by reference. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the respective rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

A number of appeals are currently pending before the United States Court of Appeals for the First Circuit involving issues relating to the treatment and scope of special revenues in the insolvency proceedings of Puerto Rico. The decisions in these appeals may or may not affect the treatment or scope of special revenues in bankruptcy cases. To the extent the decisions in these appeals affect the treatment or scope of special revenues in bankruptcy cases, they may also affect Fitch's rating on the Bonds. It is not possible to predict the outcomes or the effects of the outcomes in these appeals and the District cannot predict if or how the ruling in the pending appeals may affect Fitch's rating on the Bonds.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is acting as Underwriters' Counsel to the Underwriters with respect to the Bonds, and will receive compensation from the Underwriters contingent upon the sale and delivery of the Bonds. Isom Advisors, a Division of Urban Futures, Inc. is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Underwriting

The 2012 Bonds are to be purchased by Raymond James & Associates, Inc., as representative (the "Representative") of itself and KeyBanc Capital Markets Inc. (together, the "Underwriters"). The Underwriters have agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated December 18, 2018 by and between the Representative and the District, to purchase the 2012 Bonds at a purchase price of \$161,841,380.30 (which represents the aggregate initial principal amount of the 2012 Bonds, plus net original issue premium of \$12,351,380.30 and less \$510,000 of Underwriters' discount). The Underwriters will purchase all the 2012 Bonds if any are purchased. The 2012 Bonds may be offered and sold to certain dealers (including dealers depositing said 2012 Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

The 2016 Bonds are to be purchased by the Representative on behalf of the Underwriters. The Underwriters have agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated December 18, 2018 by and between the Representative and the District, to purchase the 2016 Bonds at a purchase price of \$85,638,978.65 (which represents the aggregate initial principal amount of the 2016 Bonds, plus original issue premium of \$5,910,978.65 and less \$272,000 of Underwriters' discount). The Underwriters will purchase all the 2016 Bonds if any are purchased. The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing said 2016 Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

The Underwriters have certified the public reoffering prices or yields set forth on the inside cover page hereof. The Underwriters' compensation is computed based on those prices or yields, and the District takes no responsibility for the accuracy of those prices or yields. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriters.

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Additional Information

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

*   *   *

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

SAN JUAN UNIFIED SCHOOL DISTRICT

By: /s/ Kent Stephens
Deputy Superintendent

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this Appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

THE DISTRICT

Introduction

The San Juan Unified School District (the "District"), located in Sacramento County, California (the "County"), is the 12th largest school district in the State of California (the "State") as measured by student enrollment. The District provides educational services to the residents in the city of Citrus Heights and the unincorporated areas of Carmichael, Fair Oaks and Orangevale, and very small portions in the cities of Sacramento, Folsom and Rancho Cordova. The District operates under the jurisdiction of the Superintendent of Schools of Sacramento County. See "THE BONDS – Authority for Issuance; Purpose." The District's estimated funded average daily attendance for fiscal year 2018-19 is 37,764 and the District's 2018-19 general fund expenditures are projected at approximately $460 million.

The District operates 64 schools, including 9 comprehensive high schools, 8 middle schools, 33 elementary schools, 8 K-8 schools, 3 alternative education programs, and 3 special education centers. The District's estimated enrollment for fiscal year 2018-19, including ten charter schools in the District, is approximately 50,100 students. For fiscal year 2018-19, the District, including one dependent charter school, projects to employ approximately 4,538 FTE employees, which includes 2,534 certificated (including credentialed teaching) employees and 2,004 FTE classified employees.

The District is governed by a Board of Education (the "Board of Education") consisting of five members. The regular members are elected to staggered four-year terms every two years, alternating between two and three available positions. The day-to-day operations are managed by a board-appointed Superintendent.

Kent Kern served as Acting/Interim Superintendent of the District beginning December 2013 and was appointed Superintendent of the District on March 24, 2014. Prior to his appointment, Mr. Kern was a teacher, vice principal, principal, director, and assistant superintendent in the District. Mr. Kern was awarded a Master of Education, Educational Management Credential, in 1996 from University of La Verne.

Deputy Superintendent Kent Stephens has worked as a business official for 26 years in K-12 and community college systems. He has been with the District since 2011. Mr. Stephens holds a Bachelor of Science degree in Finance as well as a Master of Business Administration degree, both from Brigham Young University.

DISTRICT FINANCIAL AND OPERATING INFORMATION

State Funding of Education; State Budget Process

General. As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local ad valorem tax authorized by the State Constitution (see " – Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 69.4% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local ad valorem tax), projected at approximately $320.5 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" and "– Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District's revenues and operations, though generally to a lesser extent than these may affect most school districts.

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

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

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2018-19 State budget on June 27, 2018.

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

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

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

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

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

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

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

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

2018-19 State Budget. The Governor signed the fiscal year 2018-19 State Budget (the "2018-19 State Budget") on June 27, 2018. The 2018-19 State Budget sets forth a balanced budget for fiscal year 2018-19 that projects approximately $133.33 billion in revenues, and $83.82 billion in non-Proposition 98 expenditures and $54.87 billion in Proposition 98 expenditures. The 2018-19 State Budget includes a $1.96 billion reserve in the Special Fund for Economic Uncertainties. The 2018-19 State Budget uses dedicated proceeds from Proposition 2 to pay down approximately $1.75 billion in past budgetary borrowing and State employee pension liabilities. The 2018-19 State Budget includes total funding of $97.2 billion ($56.1 billion General Fund and $41.1 billion other funds) for all K-12 education programs. The 2018-19 State Budget provides $3.7 billion in new funding for the LCFF, which fully implements the school district and charter school formula two years earlier than originally scheduled, including both a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula. The 2018-19 State Budget also provides $300 million one-time Proposition 98 General Fund resources for the Low-Performing Students Block Grant, which will provide resources in addition to LCFF funds to local educational agencies with students who perform at the lowest levels on the State's academic assessments and do not generate supplemental LCFF funds or State or federal special education resources.

Certain budgeted adjustments for K-12 education set forth in the 2018-19 State Budget include the following:

- Statewide System of Support. The 2018-19 State Budget includes $57.8 million in Proposition 98 General Fund resources for county offices of education to provide technical assistance to school districts, of which $4 million will go towards geographical regional leads to build systemwide capacity to support school district improvement.

- Multi-Tiered Systems of Support (MTSS). The 2018-19 State Budget includes $15 million one-time Proposition 98 General Fund resources to expand the State's MTSS framework to foster positive school climate in both academic and behavioral areas.

- Community Engagement Initiative. The 2018-19 State Budget includes $13.3 million one-time Proposition 98 General Fund resources for the California Collaborative for Educational Excellence and a co-lead county office of education to help school districts build capacity for community engagement in the LCAP process.

- California Collaborative for Educational Excellence. The 2018-19 State Budget includes $11.5 million Proposition 98 General Fund resources to support the California Collaborative for Educational Excellence in its role within the statewide system of support.

- Special Education Local Plan Area (SELPA) Technical Assistance. The 2018-19 State Budget includes $10 million Proposition 98 General Fund resources for SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance (specific to students with exceptional needs) within the statewide system of support.

- Dashboard Improvement. The 2018-19 State Budget includes $300,000 one-time Proposition 98 General Fund resources to improve the user interface of the California School Dashboard.

- LCFF Budget Summary for Parents. The 2018-19 State Budget includes $200,000 one-time Proposition 98 General Fund resources to develop the electronic template for the LCFF Budget Summary for Parents, which will help stakeholders better understand funding decisions made within the LCAP.

- LCAP Redesign. The 2018-19 State Budget includes $200,000 one-time Proposition 98 General Fund resources to support intended future legislation to streamline the LCAP.

- Strong Workforce Program. The 2018-19 State Budget includes $164 million ongoing Proposition 98 General Fund resources to establish a K-12 specific component within the Strong Workforce Program designed to encourage local educational agencies to offer high-quality career technical education programs that are aligned with needed industry skills and regional workforce development efforts occurring through the existing Strong Workforce Program.

- Career Technical Education Incentive Grant Program. The 2018-19 State Budget includes $150 million ongoing Proposition 98 General Fund resources to make permanent the Career Technical Education Incentive Grant Program.

- Inclusive Early Education Expansion Program. The 2018-19 State Budget creates the Inclusive Early Education Expansion Program, providing $167.2 million one-time Proposition 98 General Fund resources through a competitive grant program to increase the availability of inclusive early education and care for children aged zero to five years old, especially in low-income areas and in areas with relatively low access to care.

The complete 2018-19 State Budget is available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2018-19 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from ad valorem property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

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

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

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

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("AB 1X 26") and Assembly Bill No. 27 (First Extraordinary Session) ("AB 1X 27"), which the Governor signed on June 29, 2011. AB 1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB 1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB 1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "Court") challenging the validity of AB 1X 26 and AB 1X 27 on various grounds (California Redevelopment Association v. Matosantos). On December 29, 2011, the Court rendered its decision in Matosantos upholding virtually all of AB 1X 26 and invalidating AB 1X 27. In its decision, the Court also modified various deadlines for the implementation of AB 1X 26. The deadlines for implementation of AB 1X 26 described below take into account the modifications made by the Court in Matosantos.

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

AB 1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB 1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB 1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

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

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

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

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

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

The District received its final payment in 2017-18. The District does not anticipate the dissolution of redevelopment agencies to have any significant effect on its total general revenues.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB 1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB 1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB 1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

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

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

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

- A Base Grant for each local education agency, equivalent to $7,643 per unit of A.D.A. in fiscal year 2013-14. Such Base Grant per unit of A.D.A., adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: $6,845 for grades K-3, $6,947 for grades 4-6, $7,154 for grades 7-8 and $8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.

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

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

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

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

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

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

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

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Attendance. The following table sets forth the District's actual A.D.A., and enrollment for fiscal years 2007–08 through 2018–19 for grades K–12. The A.D.A. and enrollment numbers reflected in the following table include special education.

SAN JUAN UNIFIED SCHOOL DISTRICT
Average Daily Attendance and Student Enrollment
Fiscal 2007-08 through 2018-19

Year	Average Daily Attendance[1]	Enrollment[2]
2007-08	40,355	42,090
2008-09	40,084	41,728
2009-10	39,315	41,248
2010-11	39,038	40,859
2011-12	38,640	40,535
2012-13	38,154	40,272
2013-14	38,287	40,263
2014-15	38,089	40,082
2015-16	37,863	39,925
2016-17	37,710	39,767
2017-18	37,666	39,805
2018-19[3]	37,764	39,870

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(1) Average daily attendance for the second period of attendance, typically in late March of each school year.
(2) Enrollment figures exclude all charter schools.
(3) For 2018-19, the average daily attendance is the projected funded P-2, and the projected enrollment.
Source: The District.

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Attendance and LCFF. The following table sets forth the District's estimated and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "EL/LI Students")), and targeted Base Grant per unit of A.D.A. for fiscal years 2015-16 through 2018-19, respectively. The A.D.A. and enrollment numbers reflected in the following table exclude special education, community day school, compulsory continuation education and charter school attendance.

SAN JUAN UNIFIED SCHOOL DISTRICT
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2015-16 through 2018-19

		A.D.A/Base Grant					Enrollment	
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment[8]	Unduplicated Percentage of EL/LI Students
2015-16	A.D.A.[2]	11,281.39	8,853.69	5,930.39	11,794.51	37,859.98	39,925	51.61%
	Targeted Base Grant[3][4]	$7,820	$7,189	$7,403	$8,801			
2016-17	A.D.A.	11,191.65	8,840.17	5,886.77	11,791.29	37,709.88	39,767	51.70%
	Targeted Base Grant[3][5]	$7,820	$7,189	$7,403	$8,801			
2017-18	A.D.A.	11,271.32	8,885.26	5,802.35	11,737.29	37,696.22	39,804	53.12%
	Targeted Base Grant[3][6]	$7,941	$7,301	$7,518	$8,939			
2018-19[1]	A.D.A.	11,451.68	8,639.76	5,912.41	11,755.90	37,759.75	39,871	54.37%
	Targeted Base Grant[3][7]	$8,235	$7,751	$7,796	$9,269			

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(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in late March of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded in any of the fiscal years listed above.
(4) Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(5) Targeted fiscal year 2016-17 Base Grant amount reflects a 0.00% cost-of-living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(6) Targeted fiscal year 2017-18 Base Grant amount reflects a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(7) Targeted fiscal year 2018-19 Base Grant amount reflects a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.
(8) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students are expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment are based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District received approximately $332.3 million in aggregate revenues allocated under the LCFF in fiscal year 2017-18, and projects to receive approximately $356.6 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 77.2% of its general fund revenues). Such amount includes an estimated $34.2 million in supplemental grants in fiscal year 2018-19. The District does not receive any concentration grant funds.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently.

In a LCFF district, increasing enrollment increases the total amount distributed under LCFF and thus generally increases a district's entitlement to State aid, while increases in property taxes do nothing to increase district revenues, but only offset the State aid funding requirement. Operating costs typically increase disproportionately slower than enrollment growth until the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State aid while operating costs typically decrease slowly until the district decides to lay off teachers, close schools, or initiate other cost-saving measures. Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it a LCFF, but since all LCFF income (and more) is already generated by local property taxes, there is typically no increase in State income. New students impose increased operating costs, but typically at a slower pace than enrollment growth, and the effect on the financial condition of a community funded district would depend on whether property tax growth keeps pace with enrollment growth. Declining enrollment typically does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Local Sources of Education Funding

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

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

Local property tax revenues account for approximately 27.3% of the District's aggregate LCFF income, and are projected to be approximately $103.3 million, or approximately 22.4% of total general fund revenue in fiscal year 2018-19. The County is a "Teeter Plan" county, which means that the District is made whole for any delinquencies in payment of property taxes by local property owners. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Teeter Plan." For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 6.6% (or approximately $30.5 million) of the District's general fund projected revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 14.6% (or approximately $67.5 million) of the District's general fund projected revenues for fiscal year 2018-19. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected at $8.3 million in fiscal year 2018-19, representing about 1.8% of general fund revenues.

Other Local Revenues. In addition to ad valorem property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 1.8% (or approximately $8.4 million) of the District's general fund projected revenues for fiscal year 2018-19.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as APPENDIX C.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Crowe LLP, Sacramento, California, served as independent auditor to the District for fiscal year ended June 30, 2018. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has neither audited nor reviewed this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2013-14 through 2017-18.

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SAN JUAN UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Fund Balances
Fiscal Year 2013-14 through 2017-18[1]

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
LCFF Sources					
State Apportionment	$180,240,714	$199,250,977	$220,886,379	$227,897,544	$228,852,323
Local Sources/Property Taxes	75,569,618	80,267,964	88,362,083	96,290,602	103,252,933
Total LCFF Sources	$255,810,332	$279,518,941	$309,248,462	$324,188,146	$332,105,256
Federal Revenue	$26,799,393	$25,091,357	$27,308,988	$27,028,747	$28,009,907
Other State Revenue	47,311,889	51,981,104	80,378,024	62,917,376	64,249,768
Other Local Revenue	9,190,219	10,506,181	9,758,190	10,026,651	11,679,338
Total Revenues	$339,111,833	$367,097,583	$426,693,664	$424,160,920	$436,044,269
EXPENDITURES					
Certificated Salaries	$158,247,322	$167,514,719	$179,576,933	$189,219,104	$198,779,680
Classified Salaries	57,305,011	59,818,621	64,106,462	66,102,779	69,446,355
Employee Benefits	75,151,833	94,271,138	104,435,419	117,521,078	124,925,019
Books and Supplies	12,400,309	15,757,450	17,645,814	21,165,424	20,294,482
Services, Other Operating Expenditures	27,709,778	24,217,883	25,026,929	26,933,842	26,024,062
Capital Outlay	2,752,288	1,093,789	530,700	3,010,919	135,019
Other (Outgo)[2]	16,131	49,952	77,967	318,305	388,564
Debt Service/Transfer of Indirect Costs	442,328	540,016	500,213	367,654	367,645
Total Expenditures	$334,025,000	$363,263,568	$391,900,437	$424,639,105	$440,360,826
Excess (Deficiency) of Revenues Over Expenditures	$5,086,833	$3,834,015	$34,793,227	$(478,185)	$(4,316,557)
Other Financing Sources (Uses):					
Transfers in	$1,213,412	$2,489,530	$ 2,270,224	$3,143,203	$1,500,026
Transfers Out	(808,313)	(2,614,720)	(10,107,160)	(3,077,938)	(2,224,570)
Proceeds from Obligations/Liabilities	2,767,370	–	–	–	–
Net Financing Sources (Uses)	$3,172,469	$(125,190)	$(7,836,936)	$65,265	$(724,544)
NET CHANGE IN FUND BALANCES	$8,259,302	$3,708,825	$26,956,291	$(412,920)	$(5,041,101)
Fund Balance – Beginning	$44,058,004	$52,317,306	$56,026,131	$82,982,422	$82,569,502
Fund Balance – Ending	$52,317,306	$56,026,131	$82,982,422	$82,569,502	$77,528,401
Reserve for Economic Uncertainties[3]	$6,900,000	$7,425,000	$8,375,000	$9,000,000	$9,000,000

(1) Columns may not sum to totals due to rounding.
(2) Excludes transfers of indirect costs.
(3) The District must maintain a two percent unrestricted general fund reserve for economic uncertainty.
Source: Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain unrestricted general fund reserves in the amount of 3% of its total general fund expenditures. For fiscal year 2018-19, the District has a projected unrestricted general fund reserve of 9.3%, or approximately $44.2 million, compared to the fiscal year 2017-18 unrestricted general fund reserve of $45.6 million. Substantially all funds of the District are required by law to be deposited with and invested by the Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See APPENDIX F – "COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT."

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

SAN JUAN UNIFIED SCHOOL DISTRICT
Budgeted General Fund Summary for Fiscal Year 2018-19[1]

	2018-19 First Interim
REVENUES	
LCFF/Revenue Limit Sources:	$356,573,864
Federal Revenue	30,499,187
Other State Revenue	67,514,294
Other Local Revenue	8,379,411
TOTAL	$462,966,756
EXPENDITURES	
Certificated Salaries	$208,152,215
Classified Salaries	72,363,612
Employee Benefits	136,265,997
Books and Supplies	30,603,719
Services/Other Operating Expenditures	27,477,346
Other Outgo – Transfers of Indirect Costs	299,993
Other Outgo (excluding Transfers of Indirect Costs)	422,299
Capital Outlay	948,847
TOTAL	$476,534,028
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(13,567,272)
OTHER FINANCING SOURCES (USES)	
Transfers In	$1,433,778
Transfers Out	(2,378,772)
TOTAL OTHER FINANCING SOURCES (USES)	$(944,994)
NET CHANGE IN FUND BALANCE	$(14,512,266)
Fund Balance – Beginning	$77,528,401
Fund Balance – Ending	$63,016,135

[1] District revised budget, approved as of December 11, 2018; District's original budget was adopted as of June 12, 2018. The deficiency is primarily due to the intentional spend-down of one-time State and grant funds.
Source: The District.

District Budget Process and County Review

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

The County Superintendent must review, conditionally 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 ("AB 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of AB 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 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. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent in that fiscal year or in the net succeeding year. The District self-certified with the County Office of Education a positive certification for the first and second interim reports for fiscal year 2017-18 and the first interim report for fiscal year 2018-19.

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District Debt Structure

General Obligation Bonds. On November 3, 1998, the voters of the District approved a bond proposition authorizing the issuance of $157,000,000 of bonds of the District. The District issued all of the authorized bonds in six series. The District has also issued three series of refunding bonds to refund prior bonds issued under the 1998 Authorization. As of January 1, 2019, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 1999	1999	$27,500,197.30	$ 2,510,197.30
Series 2000	2000	41,997,786.20	2,047,786.20
Series 2001A	2001	16,120,000.00	–
Series 2001B	2001	30,877,897.05	20,887,018.90
Series 2003A	2003	14,000,000.00	–
Series 2003B	2003	26,504,104.55	16,536,022.70
Refunding Series 2007	2007	49,930,000.00	–
Series A Refunding Bonds	2012	12,435,000.00	8,500,000.00
Series 2015 Refunding Bonds	2015	25,770,000.00	9,090,000.00
TOTAL		$245,134,985.10	$59,571,025.10

On November 5, 2002, the District's voters approved a second bond measure in the amount of $350,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued such bonds in eight series in addition to four series of refunding bonds to refund prior bonds issued under the 2002 Authorization. As of January 1, 2019, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 2003	2003	$46,000,000.00	–
Series 2004A	2004	68,999,931.40	$ 1,794,931.40
Series 2007	2007	70,000,000.00	–
Series 2010	2010	55,000,000.00	3,550,000.00
Series 2011 QSCB	2011	10,600,000.00	7,805,000.00
Series B Refunding Bonds	2012	23,910,000.00	18,900,000.00
Series C Refunding Bonds	2012	36,480,000.00	27,270,000.00
Series 2013	2013	50,000,000.00	41,790,000.00
Series 2014	2014	25,925,000.00	18,580,000.00
Series 2014 Refunding Bonds	2014	44,265,000.00	37,520,000.00
Series 2017	2017	23,475,000.00	12,845,000.00
Series 2017 Refunding Bonds	2017	37,890,000.00	36,940,000.00
TOTAL		$492,544,931.40	$206,994,931.40

On November 6, 2012, the District's voters approved a third bond measure in the amount of $350,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued three series of bonds under the 2012 Authorization. As of January 1, 2019, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series A	2013	$ 20,000,000.00	–
Series B	2014	80,000,000.00	$ 33,165,000.00
Series 2017	2017	70,000,000.00	56,425,000.00
Series 2019*	2019	150,000,000.00	150,000,000.00
TOTAL		$320,000,000.00	$239,590,000.00

* Expected to be issued on January 22, 2019.

On November 8, 2016, the District's voters approved a fourth bond measure in the amount of $750,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued one series of bonds under the 2016 Authorization. As of January 1, 2019, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 2017	2017	$39,920,000.00	$20,725,000.00
Series 2019*	2019	80,000,000.00	80,000,000.00
TOTAL		$119,920,000.00	$100,725,000.00

* Expected to be issued January 22, 2019.

Qualified Zone Academy Bonds. On March 16, 2008, the District issued $2,444,892 of qualified zone academy bonds. As of January 1, 2019, the outstanding principal amount was $251,353.37.

Tax and Revenue Anticipation Notes. To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District may issue tax and revenue anticipation notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District does not expect to issue a Tax and Revenue Anticipation Note in fiscal year 2018-19.

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

Beginning in fiscal year 2008-09, the District was required to implement Governmental Accounting Standards Board Statement Number 45 ("GASB 45") which directs certain changes in accounting for post-employment healthcare benefits ("OPEB") in order to quantify a government agency's current liability for future benefit payments. GASB 45 is directed at quantifying and disclosing OPEB obligations, and does not impose any requirement on public agencies to fund such obligations. Beginning in fiscal year 2017-18, the District was required to implement GASB Statement Number 75 ("GASB 75") which replaced GASB 45 as the accounting standard for OPEB plans. On May 3, 2018, Bickmore Risk Services & Consulting completed an evaluation of the District's obligations as of March 1, 2017.

The report calculates the value of all future benefits already earned by retirees and current employees, known as the Total OPEB Liability ("Total OPEB Liability"; previously termed the Actuarial Accrued Liability or AAL). As of March 1, 2017, the most recent actuarial valuation date, the District had a Total OPEB Liability of approximately $126.6 million for 499 current retirees and beneficiaries and 4,204 additional future participants for the fiscal year ending June 30, 2018. For the fiscal year ended 2017-18, the report calculates the Total OPEB Liability to be $126.6 million. The Total OPEB Liability is an actuarial estimate that depends on a variety of assumptions about future events such as health care costs and beneficiary mortality. The report estimated the total employer contributions at approximately $5.6 million for the fiscal year ended June 30, 2017 and approximately $5.9 million for the fiscal year ended June 30, 2018. To the extent that the District has not set aside moneys in an OPEB trust with which to pay these accrued and accruing future liabilities, there is a Net OPEB Liability (the "Net OPEB Liability"; previously termed the Unfunded Actuarial Accrued Liability or UAAL). The report calculated the District's Net OPEB Liability to be approximately $126.1 million for the fiscal year ending June 30, 2017 and approximately $126.6 for the fiscal year ending June 30, 2018. The District currently funds the costs of retiree benefits on a pay-as-you-go basis.

The annual OPEB Expense ("OPEB Expense") is the amount required if the District were to fund each year's normal cost plus an annual amortization of the Net OPEB Liability, assuming the Net OPEB Liability will be fully funded over a 30-year period. If the amount budgeted and funded in any year is less than the OPEB Expense, the difference reflects the amount by which the Net OPEB Liability is growing. For the fiscal year ending June 30, 2018, the OPEB was determined to be approximately $11.4 million.

In fiscal year 2017-18, the District funded $5.4 million in pay-as-you-go expenditures. The District's fiscal year 2018-19 projected pay-as-you-go expenditure for post-retirement benefits is $5.1 million.

Labor Relations

The District, including one dependent charter schools, employs 2,348 full-time-equivalent ("FTE") certificated (non-management) employees, 1,841 FTE classified employees (non-management), and 348 FTE management and supervisory/other employees. District employees are represented by employee bargaining units as shown in the following table:

San Juan Unified School District
Labor Organizations

Labor Organization	FTE Employees Represented[1]	Contract Expiration
San Juan Professional Educators	160	June 30, 2019
San Juan Teachers Association	2,337	June 30, 2019
California School Employee Association	1,707	June 30, 2019
Teamsters	131	June 30, 2019
Classified Supervisors Association	45	June 30, 2019
Total	4,380	

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[1] Excluding vacancies.
Source: The District.

Retirement Benefits

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

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8.0% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2.0% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to system-wide unfunded liability resulting from recent benefit enhancements.

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

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

7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2017, an actuarial valuation (the "2017 CalSTRS Actuarial Valuation") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.3 billion, an increase of approximately $10.6 billion from the June 30, 2016 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2017 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2017 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "– California Public Employees' Pension Reform Act of 2013" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

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

Effective Date (July 1)	School District Contribution Rate
2016	12.58%
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18 and the budgeted contribution for fiscal year 2018-19.

SAN JUAN UNIFIED SCHOOL DISTRICT
Employer Contribution to CalSTRS
Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$14,462,826
2013-14	14,764,999
2014-15	26,953,195
2015-16	34,596,654
2016-17	38,558,543
2017-18	48,277,983
2018-19[(1)]	49,609,114

(1) Revised First Interim budget for fiscal year 2018-19.
Source: The District.

The District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS will increase in fiscal year 2019-20 as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

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

The CalPERS Schools Actuarial Valuation as of June 30, 2016 indicates that the funded ratio as of June 30, 2016 is approximately 71.9% on a market value of assets basis. According to the CalPERS Schools Actuarial Valuation as of June 30, 2015, the CalPERS Schools plan had a funded ratio of 77.5% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2014, June 30, 2013, June 30, 2012, June 30, 2011 and June 30, 2010 was 86.6%, 80.5%, 75.5%, 78.7% and 69.5%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9.0% of payroll for safety employees and up to 5.0% of payroll for miscellaneous employees at the end of the five year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPRA for the period of July 1, 2017 to June 30, 2018.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18 and the budgeted contribution for fiscal year 2018-19.

SAN JUAN UNIFIED SCHOOL DISTRICT
Employer Contribution to CalPERS
Fiscal Years 2012-13 through 2018-19

Fiscal Year	Contribution
2012-13	$ 7,579,896
2013-14	7,744,417
2014-15	8,314,770
2015-16	10,507,670
2016-17	10,950,220
2017-18	12,553,571
2018-19[1]	13,753,178

(1) Revised First Interim budget for fiscal year 2018-19.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2017-18 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "– California Public Employees' Pension Reform Act of 2013" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

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

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

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

Accrued Vacation. The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2018, was $5.3 million.

Restricted Maintenance Reserve Account

As a condition to receiving State modernization or construction funds, the District has agreed to fund a restricted maintenance reserve account in the general fund each year for 20 years. For fiscal year 2018-19, the minimum amount required to be deposited into the account is 3% of the total general fund expenditures for that fiscal year. For fiscal year 2018-19, the District will contribute approximately $13.9 million to this reserve account.

Insurance, Risk Pooling and Joint Powers Arrangement

The District is a member of the Schools Insurance Authority (the "SIA"), a Joint Powers Authority (a "JPA") which operates as a common risk management and insurance program for property and liability coverage.

Charter Schools

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

Ten charter schools currently operate in the District's boundaries, one of which is dependent and nine of which are directly funded. For the directly-funded schools, the District pays revenue in lieu of property taxes up to the LCFF amount for charter students originating within the District. For fiscal year 2018-19, the District expects to make in-lieu payments in an amount equal to approximately $21.4 million.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, State voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The 2012 Authorization and the 2016 Authorization under which the Bonds are issued were approved pursuant to clause (iii). Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

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

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

Article XIIIB of the State Constitution

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

In fiscal year 2017-18, the District had an appropriations limit of $289,124,943 and appropriations subject to such limit of $289,124,943. The District has budgeted an appropriations limit in fiscal year 2018-19 of $263,827,476. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State Constitution

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

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Statutory Limitations

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

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

Proposition 98 and Proposition 111

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

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

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

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

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

Proposition 30 and Proposition 55

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

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

Applications of Constitutional and Statutory Provisions

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

Proposition 2

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

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

Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

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

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

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

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

Future Initiatives

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

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APPENDIX B

THE ECONOMY OF THE DISTRICT

The District encompasses the City of Citrus Heights (the "City"), certain unincorporated areas of Sacramento County (the "County"), including Carmichael, Orangevale, Fair Oaks, and Gold River, and small portions of the cities of Sacramento, Folsom, and Rancho Cordova. The following economic data for the City and County are presented for information purposes only. The Bonds are not a debt or obligation of the City or County, and taxes to pay the Bonds are levied only on taxable property located within the District.

Population

The population of the City and County from 2000 through 2018 is provided in the table below.

POPULATION GROWTH
City of Citrus Heights and County of Sacramento
2000 through 2018

	City of Citrus Heights		County of Sacramento	
Year	Population	Annual % Change	Population	Annual % Change
2000	85,071	–	1,223,499	–
2001	85,956	1.0%	1,248,072	2.0%
2002	86,918	1.1	1,279,588	2.5
2003	86,458	0.5	1,307,189	2.2
2004	85,940	0.6	1,331,910	1.9
2005	85,153	0.9	1,350,523	1.4
2006	84,112	1.2	1,365,214	1.1
2007	83,552	0.7	1,380,172	1.1
2008	83,347	0.2	1,394,510	1.0
2009	83,317	0.0	1,406,168	0.8
2010	83,382	0.1	1,417,259	0.8
2011	83,063	0.4	1,429,290	0.8
2012	83,941	1.1	1,440,656	0.8
2013	84,546	0.7	1,452,468	0.8
2014	85,108	0.7	1,465,964	0.9
2015	86,129	1.2	1,481,969	1.1
2016	86,955	1.0	1,495,611	0.9
2017	87,460	0.6	1,513,415	1.2
2018	87,731	0.3	1,529,501	1.1

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Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010 with 2000 & 2010 Census Counts for City and County of Sacramento for years 2000-2009; California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2018, with 2010 Census Benchmark for City and County of Sacramento for years 2010-2018.

Employment

Set forth in the tables below is information on the County's wage and salary employment, civilian labor force, and unemployment.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
County of Sacramento
2012 through 2017[(2)]

Industry	Employment [(1)]					
	2012	2013	2014	2015	2016	2017[(2)]
Agriculture	2,600	2,600	2,600	2,600	3,000	3,100
Mining & Logging	200	200	200	200	100	200
Construction	22,800	27,000	28,600	30,700	33,500	35,500
Manufacturing	21,300	20,800	20,900	20,900	21,100	21,100
Transportation, Warehousing, and Utilities	12,200	12,700	13,000	13,700	14,400	14,600
Information	11,600	11,300	10,000	10,100	9,700	8,500
Financial Activities	30,900	31,500	30,900	32,800	33,000	33,100
Professional and Business Services	83,100	85,900	89,400	87,800	93,900	95,400
Education and Health Services	71,400	88,700	94,400	98,500	101,800	105,900
Leisure and Hospitality	50,300	53,200	56,100	58,200	60,800	62,300
Other Services	19,500	19,500	20,300	20,700	21,600	21,700
Government	156,300	156,200	160,700	162,700	164,600	165,100
Total	482,200	509,900	527,100	538,900	557,500	566,500

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(1) Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.
(2) Most current information available.
Source: California State Department of Employment Development, Labor Market Information Division.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Sacramento
Annual Averages, 2001 through 2017

Year	Civilian Labor Force	Employed Labor Force [1]	Unemployed Labor Force [2]	Unemployment Rate [3]
2001	624,100	595,900	28,200	4.5%
2002	642,100	606,100	36,000	5.6
2003	652,200	614,100	38,100	5.8
2004	659,100	622,200	36,900	5.6
2005	664,300	631,500	32,800	4.9
2006	668,800	637,000	31,800	4.8
2007	675,800	639,100	36,700	5.4
2008	679,400	630,300	49,100	7.2
2009	681,100	606,100	75,000	11.0
2010	683,100	597,000	86,100	12.6
2011	680,000	597,700	82,300	12.1
2012	681,300	609,700	71,600	10.5
2013	680,200	619,800	60,400	8.9
2014	680,700	631,000	49,700	7.3
2015	686,000	644,900	41,100	6.0
2016	695,200	657,600	37,700	5.4
2017	702,000	669,500	32,600	4.6

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(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) This rate is computed from unrounded data: it may differ from rates computed from rounded figures in this table.
Source: California State Department of Employment Development, Labor Market Information Division.

Major Employers

The table below represents the largest employers in the County in 2018.

LARGEST EMPLOYERS
County of Sacramento

Company	Type of Business	Sacramento County Employees (FTEs)
State of California	Government	75,801
University of California, Davis Health System	Healthcare	12,840
Sacramento County	Government	12,208
Kaiser Permanente	Managed Healthcare	11,005
U.S. Government	Government	10,325
Sutter Health Sacramento Sierra Region	Managed Healthcare	8,177
Dignity Health	Healthcare	7,000
Elk Grove Unified School District	Education	6,210
Intel Corporation	Technology	6,000
Apple, Inc.	Technology	5,000

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Source: Sacramento Business Journal, The Book of Lists, Sacramento County 2018.

Construction Activity

The following tables provide a summary of annual estimated building permit valuations and number of residential building permits for calendar years 2011 through 2016, for the City and for the County.

BUILDING PERMIT ACTIVITY
City of Citrus Heights
2012 through 2017

	2012	2013	2014	2015	2016	2017
Valuation ($000)						
Residential	$11,829	$16,626	$18,688	$67,685	$27,279	$32,249
Non-Residential	11,039	25,204	14,632	40,136	14,303	23,746
TOTAL	$22,868	$41,830	$33,320	$107,821	$41,582	$55,995
Dwelling Units						
Single Family	8	3	17	52	5	7
Multiple family	0	0	0	0	0	0
TOTAL	8	3	17	52	5	7

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Source: Construction Industry Research Board.

BUILDING PERMIT ACTIVITY
County of Sacramento Unincorporated
2012 through 2017

	2012	2013	2014	2015	2016	2017
Valuation ($000)						
Residential	$95,915	$130,693	$123,335	$165,957	$160,561	$149,797
Non-Residential	115,490	114,080	205,940	169,711	417,819	152,191
TOTAL	$211,406	$244,773	$329,275	$335,668	$578,380	$301,988
Dwelling Units						
Single Family	325	411	267	503	607	616
Multiple family	0	0	10	2	4	4
TOTAL	325	411	277	505	611	620

Source: Construction Industry Research Board.

BUILDING PERMIT ACTIVITY
County of Sacramento
2012 through 2017

	2012	2013	2014	2015	2016	2017
Valuation ($000)						
Residential	$440,751	$603,992	$570,660	$897,359	$950,178	$1,200,257
Non-Residential	366,949	424,136	524,234	651,429	987,139	679,407
TOTAL	$807,700	$1,028,128	$1,094,894	$1,548,788	$1,937,317	$1,879,664
Dwelling Units						
Single Family	1,290	1,764	1,547	2,358	2,676	3,174
Multiple family	343	145	226	815	609	1,761
TOTAL	1,633	1,909	1,773	3,173	3,285	4,935

Source: Construction Industry Research Board.

Commercial Activity

The following tables show taxable sales within the County for 2012 through 2016.

TAXABLE SALES
County of Sacramento
2012 through 2016
($000)

	2012	2013	2014	2015	2016
Motor Vehicle and Parts Dealers	$2,266,802	$2,586,596	$2,797,532	$3,201,485	$3,528,649
Furniture and Home Furnishings Stores	278,066	307,647	340,187	1,116,793	1,190,152
Electronics and Appliance Stores	606,913	641,067	664,145	–	–
Building Materials and Garden Equipment and Supplies	1,024,765	1,155,301	1,168,008	1,275,705	1,432,809
Food and Beverage Stores	916,005	923,645	959,756	989,546	1,001,268
Health and Personal Care Stores	412,707	420,284	425,648	–	–
Gasoline Stations	1,935,830	1,899,358	1,857,065	1,575,528	1,452,889
Clothing and Clothing Accessories Stores	855,369	905,514	921,913	959,454	1,021,647
Sporting Goods, Hobby, Musical Instruments, & Book Stores	443,795	463,641	448,255	–	–
General Merchandise Stores	2,076,421	2,124,820	2,157,986	2,003,553	2,018,904
Miscellaneous Store Retailers	563,728	581,804	593,179	1,825,439	1,932,719
Nonstore Retailers	132,031	214,417	244,464	–	–
Food Services & Drinking Places	1,854,027	1,946,913	2,071,554	2,273,722	2,437,820
Total Retail and Food Services	$13,366,459	$14,171,006	$14,649,693	$15,221,223	$16,016,856
All Other Outlets	5,723,389	5,926,089	6,412,208	6,821,972	7,167,643
Total All Outlets[1]	$19,089,848	$20,097,095	$21,061,901	$22,043,196	$23,184,499

[1] Columns may not sum to totals due to rounding.
Source: California State Board of Equalization.

Income

The following tables provide a summary of per capita personal income for the County, the State, and the United States, and personal income and annual percent change for the County, for recent calendar years.

PER CAPITA PERSONAL INCOME
2000 through 2016

Year	Sacramento County	California	United States
2000	$29,484	$33,095	$30,602
2001	31,192	33,671	31,540
2002	31,524	33,901	31,815
2003	32,673	35,234	32,692
2004	34,240	37,551	34,316
2005	35,398	39,521	35,904
2006	37,213	42,334	38,144
2007	38,172	43,692	39,821
2008	39,280	44,162	41,082
2009	38,213	42,224	39,376
2010	38,443	43,317	40,277
2011	40,068	45,849	42,461
2012	41,303	48,369	44,282
2013	42,229	48,570	44,493
2014	44,303	51,344	46,949
2015	46,845	54,718	48,451
2016	48,122	56,374	49,246

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PERSONAL INCOME
2000 through 2016 (in thousands)

Year	Sacramento County	Annual Percent Change
2000	$36,263,333	–
2001	39,496,680	8.9%
2002	41,015,565	3.8
2003	43,406,466	5.8
2004	46,187,572	6.4
2005	48,169,782	4.3
2006	50,965,290	5.8
2007	52,721,398	3.4
2008	54,773,648	3.9
2009	53,826,177	(1.7)
2010	54,666,004	1.6
2011	57,498,308	5.2
2012	59,775,785	4.0
2013	61,654,690	3.1
2014	65,486,553	6.2
2015	70,110,138	7.1
2016	72,878,458	3.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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APPENDIX C

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

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SAN JUAN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2018

SAN JUAN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
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SAN JUAN UNIFIED SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Audit Committee
San Juan Unified School District
Carmichael, 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 San Juan Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise San Juan Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This resulted in a restatement of the beginning net position of $91,349,508. Note disclosures and required supplementary information requirements about OPEB are also discussed. 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 4 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 65 to 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Juan Unified School District's basic financial statements. The accompanying schedule of expenditure 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*, and the other supplementary information 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of San Juan Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 San Juan Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

San Juan Unified School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

The management's discussion and analysis of San Juan Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 through 3, the District's financial statements which begin on page 16, and the notes to the financial statements on pages 28 through 64.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information. The financial statements include two kinds of statements that present different views of the San Juan Unified School District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, report the District's operations and in more detail than the district wide statements.

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

The district-wide statements report information about the District as a whole. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as a measure of the District's financial position.

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

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. State support from local control funding formula and categorical apportionments finance most of these activities.

- Business-type activities – The District does not currently have any business type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund -- the employee self-insurance fund.

- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position was $(187,654,692) on June 30, 2018 resulting in an decrease from the prior fiscal period by $67,106,971.

The Governmental Accounting Standards Board approved Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement, issued in June 2012, is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Fiscal year ending June 30, 2015 was the first year the District implemented GASB 68.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves 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. The District's July 1, 2017 net position was restated by decreasing net position by $91,349,508 because of the recognition of the Total OPEB Liability and Deferred Outflows of Resources. At the end of FY 2017-18, the District has set aside $7,219,437 towards the payment of OPEB liability.

Statement of Net Position	2018	2017	Variance	% Diff
Current and other assets	380,598,807	424,251,506	(43,652,699)	-10%
Capital assets	525,822,158	477,468,654	48,353,504	10%
Total Assets	906,420,965	901,720,160	4,700,805	1%
Deferred Outflows	157,987,573	97,634,440	60,353,133	62%
Current liabilities	46,268,153	50,336,208	(4,068,055)	-8%
Long-term liabilities	1,171,146,711	1,046,776,115	124,370,596	12%
Total Liabilities	1,217,414,864	1,097,112,323	120,302,541	11%
Deferred Inflows	34,648,366	22,790,000	11,858,366	0%
Net investment in capital assets	159,240,141	124,251,412	34,988,729	28%
Restricted	202,252,635	188,995,162	13,257,473	7%
Unrestricted	(549,147,468)	(433,794,295)	(115,353,173)	27%
Total Net Position	(187,654,692)	(120,547,721)	(67,106,971)	56%

The change in Total Assets is primarily a result of the following:

- At the end of fiscal year 2017-18, the District had a total value of $802,470,600 in capital assets. Capital assets include land, buildings, land improvements, equipment and capital projects that are still in progress. Total accumulated depreciation amounted to $276,648,442. The net capital assets amounted to $525,822,158, an increase of $48,353,504 from prior year. This is a result of increased capital projects being handled and completed through Measures J, N and P.

Capital Assets				
	2018	**2017**	**Variance**	**% Diff**
Land	6,350,107	6,350,107	-	0%
Work in Progress	98,400,990	90,767,505	7,633,485	8%
Land Improvements	80,118,384	78,399,052	1,719,332	2%
Buildings	591,711,406	528,568,156	63,143,250	12%
Equipment	25,889,713	27,072,783	(1,183,070)	-4%
Capital Assets, cost	802,470,600	731,157,603	71,312,997	10%
Accumulated Depreciation	(276,648,442)	(253,688,949)	(22,959,493)	9%
Capital Assets, net	525,822,158	477,468,654	48,353,504	10%

- Current and other assets include cash, including cash with fiscal agent, receivables, investments, due from (to) other funds, stores inventory and pre-paid expenses. A decrease in current assets of $43,652,699 is mainly due to capital project expenses under Measures J, N and P. (See "Statement of Net Position" chart.)

The change in Total Liabilities is primarily a result of the following:

- The District ended the year with a total of $1,171,146,711 in outstanding financing obligations, including other post-employment benefits (OPEB), compensated absences and net pension liabilities. The increase in long-term debt of $124,370,596 is mainly attributed to net pension liabilities and OPEB.

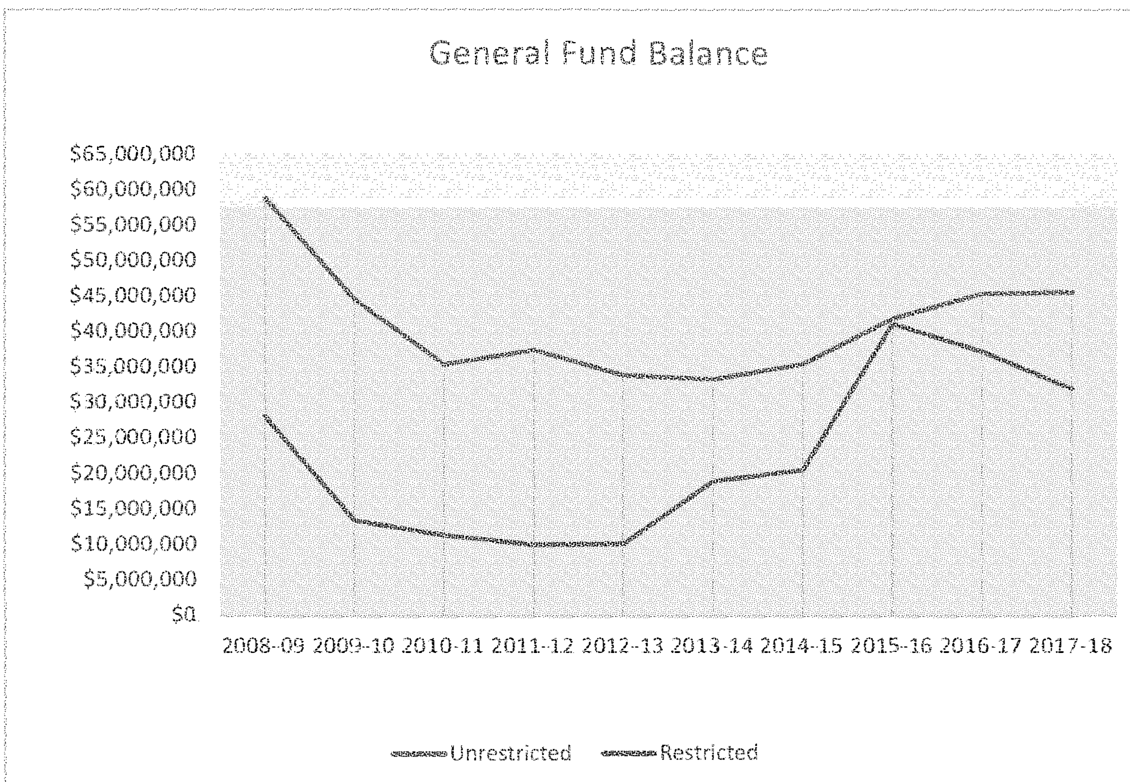
Long-Term Liabilities				
	2018	2017	Variance	% Diff
Genral Obligation Bonds	$ 441,659,707	$ 476,114,660	$ (34,454,953)	-7%
Accreted Interest	65,977,006	62,129,138	3,847,868	6%
Premium on Issuance of				
General Obligation Bonds	23,707,474	25,760,045	(2,052,571)	-8%
Capitalized lease obligations	1,529,572	1,844,785	(315,213)	-17%
Qualified School Construction Bonc	251,353	375,161	(123,808)	-33%
Other Postemployment Benefits	127,287,799	29,740,736	97,547,063	328%
Compensated absences	5,312,800	4,794,590	518,210	11%
Net Pension Liability	505,421,000	446,017,000	59,404,000	13%
Total Long-Term Liabilities	$ 1,171,146,711	$ 1,046,776,115	$124,370,596	12%

- A decrease in current liabilities of $4,068,055 is attributable to payments to vendors for goods and services received prior to June 30, 2018 and unearned revenue. Current liabilities include accounts payable, unearned revenue, interagency balances and unpaid claims and claim adjustment expenses. (See “Statement of Net Position” chart.)

FINANCIAL HIGHLIGHTS

The District, as a whole, experienced a change in net position from prior year by $24,242,537. Revenues increased by $43,076,707 which is primarily attributable to the increase in temporary taxes due to Proposition 55. This amount also includes an increase in unrestricted state aid due to the change in calculating school district revenue, i.e., Local Control Funding Formula (LCFF) and one-time funds for partial repayment of mandated cost reimbursements. Expenditures increased by $43,073,060 which is primarily due to the completion of capital projects which are primarily instructional related.

Statement of Activities							
		2018		2017		Variance	% Diff
Program Revenue							
Charges for Services	$	12,483,859	$	12,891,571	$	(407,712)	-3%
Operating Grants & Contributions		133,721,419		120,118,317		13,603,102	11%
Capital Grants & Contributions		475,581		2,348,803		(1,873,222)	
General Revenue						-	
Taxes and subventions		180,287,246		148,994,835		31,292,411	21%
Federal and State Aid		293,000,933		291,253,582		1,747,351	1%
Interest and Investment		1,449,080		1,466,440		(17,360)	-1%
Interagency Revenues		803,331		1,218,296		(414,965)	-34%
Miscellaneous		3,425,180		4,278,078		(852,898)	-20%
Total Revenue	$	625,646,629	$	582,569,922	$	43,076,707	7%
Expenditures							
Instructional Related	$	350,696,093	$	325,153,564	$	25,542,529	8%
Student Support Services		92,365,736		89,057,231		3,308,505	4%
Pupil Services		55,678,458		51,952,948		3,725,510	7%
General Administration		27,286,000		24,396,865		2,889,135	12%
Plant Services		46,979,948		43,613,405		3,366,543	8%
Other Services		4,021,443		3,523,832		497,611	14%
Interest on long-term debt		22,814,478		17,931,209		4,883,269	27%
Other outgo		1,561,936		2,701,978		(1,140,042)	-42%
Depreciation		-		-		-	
Total Expenditures	$	601,404,092	$	558,331,032	$	43,073,060	8%
Change in Net Position	$	24,242,537	$	24,238,890	$	3,647	0%



General Fund Statement of Revenues, Expenditures and Change in Fund Balance

	2018			2017			Variance		
	Unrestricted	Restricted	TOTAL	Unrestricted	Restricted	TOTAL	Unrestricted	Restricted	TOTAL
Total Revenues	$ 348,585,208	$ 87,459,061	$ 436,044,269	$ 343,704,016	$ 80,456,904	$ 424,160,920	$ 4,881,192	$ 7,002,157	$ 11,883,349
Total Expenditures	(296,763,692)	(143,597,134)	(440,360,826)	(285,409,847)	(139,229,258)	(424,639,105)	(11,353,845)	(4,367,876)	(15,721,721)
Transfers In	1,500,026	-	1,500,026	1,564,554	1,578,649	3,143,203	(64,528)	(1,578,649)	(1,643,177)
Transfers Out	(205,511)	(2,019,059)	(2,224,570)	(1,064,272)	(2,013,666)	(3,077,938)	858,761	(5,393)	853,368
Contributions from unrestricted	(52,924,667)	52,924,667	-	(55,291,065)	55,291,065	-	2,366,398	(2,366,398)	-
Net Increase (Decrease) in Fund Balance	$ 191,364	$ (5,232,465)	$ (5,041,101)	$ 3,503,386	$ (3,916,306)	$ (412,920)	$ (3,312,022)	$ (1,316,159)	$ (4,628,181)
Beginning Fund Balance	$ 45,358,835	$ 37,210,667	$ 82,569,502	$ 41,855,449	$ 41,126,973	$ 82,982,422	$ 3,503,386	$ (3,916,306)	$ (412,920)
Ending Fund Balance	$ 45,550,199	$ 31,978,202	$ 77,528,401	$ 45,358,835	$ 37,210,667	$ 82,569,502	$ 191,364	$ (5,232,465)	$ (5,041,101)

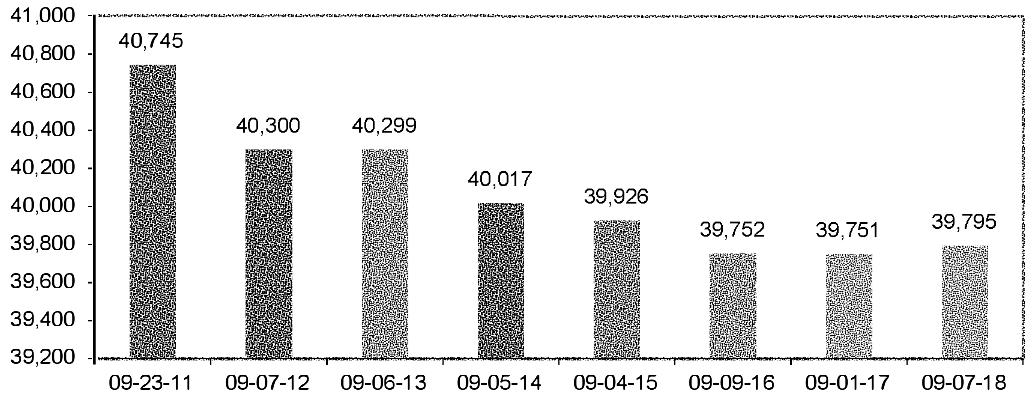
Source: SACS Report

The District's General Fund overall experienced a decrease in its fund balance of $(5,041,101), primarily in restricted funds. Revenue increased by $11.8 million which is mainly due to the one-time funds received in FY 17-18 from the State for partial repayment of mandated cost reimbursements. Although the District's funded average daily attendance (ADA) slightly increased, the District's LCFF funding allocation per ADA also increased, including supplemental funding. The gap percentage for LCFF decreased and revenue from property taxes increased.

The District also experienced an overall increase in expenditures. The factors that contributed to the changes in expenditure are:

- Step and column increases and a one-time 2.0% salary bonus was paid in FY 17-18 as part of the approved collective bargaining agreement in FY 16-17
- Increase in LCFF funded positions
- Increased health and welfare costs, increase STRS and PERS rates and increased retiree health and welfare costs
- Decreased expenses in materials and supplies and contract services and operating expenses
- Decreased expense in capital outlay due to bus replacements being purchased in FY 16-17 and not in FY 17-18
- Decreased operating transfers out due to one-time contributions that occurred in FY 16-17. However, the District still transferred $2.0 million to deferred maintenance as part of the District's commitment to maintain facilities
- Decrease in contributions since one-time transfers of Mandated Costs reimbursement funds did not occur

The District experienced a slight increase in student enrollment. Student enrollment has stabilized and projections indicate slight increases in the next two (2) years.



Enrollment data is as of the 3rd week of the school year.

Governmental Funds – Fund Balance

The District has ten (10) other governmental funds that it maintains. A summary of the change in fund balance are shown on the tables below:

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	**2017**	**Variance**	**% Diff**
Charter School Fund				
Total Revenue	$ 55,729,954	$ 51,707,315	$ 4,022,639	8%
Total Expenditure	(50,375,158)	(44,607,797)	(5,767,361)	13%
Transfers In/(Out)	(623,726)	(398,772)	(224,954)	56%
Net Increase/(Decrease) in Fund Balance	$ 4,731,070	$ 6,700,746	$ (1,969,676)	-71%
Beginning Fund Balance	23,068,132	16,367,386	6,700,746	41%
Ending Fund Balance	$ 27,799,202	$ 23,068,132	$ 4,731,070	21%

The net increase in fund balance for the Charter School Fund is primarily due to the increase in their ADA by 148.75 and the increase in funding under LCFF. Their expenditure also increased due to the increase in home school students being serviced. The program had to hire more staff and contract out services to better serve the students. Even though salaries, payroll related costs, including STRS/PERS, and employee health and welfare benefits increased, their revenue still exceeded their expenses.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Adult Education Fund				
Total Revenue	$ 3,324,556	$ 3,135,978	$ 188,578	6%
Total Expenditure	(3,070,636)	(3,309,598)	238,962	-7%
Transfers In/(Out)	(191,577)	(283,125)	91,548	-32%
Net Increase/(Decrease) in Fund Balanc(	$ 62,343	$ (456,745)	$ 519,088	-114%
Beginning Fund Balance	1,270,268	1,727,013	(456,745)	-26%
Ending Fund Balance	$ 1,332,611	$ 1,270,268	$ 62,343	5%

The net increase in fund balance for the Adult Education Fund is due to the increase in enrollment in fee-based classes. The funding for this program consists of state revenue from the Adult Education Block Grant (AEBG), federal revenue from the Workforce Investment Act, and fees for various vocational classes. The net decrease in expenditure is due to the one-time purchase of portable classrooms that occurred in FY 16-17. Even with a one-time 2.0% salary bonus, increased costs in employee health and welfare benefits and payroll related costs, including STRS/PERS, the program still managed to increase their fund balance.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Child Development Fund				
Total Revenue	$ 20,161,780	$ 18,653,645	$ 1,508,135	8%
Total Expenditure	(18,752,017)	(17,740,828)	(1,011,189)	6%
Transfers In/(Out)	(668,881)	(695,872)	26,991	-4%
Net Increase/(Decrease) in Fund Balanc(	$ 740,882	$ 216,945	$ 523,937	242%
Beginning Fund Balance	1,142,530	925,585	216,945	23%
Ending Fund Balance	$ 1,883,412	$ 1,142,530	$ 740,882	65%

The Child Development Fund experienced an increase in their revenue from both the federal and state agencies; a 9.05% COLA increase for the Federal Child Care Center-based Program (CCTR), a 5.01% COLA for the California State Pre-school Program (CSPP), a 2.6% COLA increase for the Head Start and Early Head Start Program. The increase in expenditure is due to a 2.0% one-time salary bonus, step and column increase, increased health and welfare costs and payroll related costs, including STRS/PERS, due to the salary increases. Increased expense in supplies also occurred to meet environmental assessment needs.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Cafeteria Fund				
Total Revenue	$ 16,188,082	$ 15,777,466	$ 410,616	3%
Total Expenditure	(15,217,307)	(15,345,046)	127,739	-1%
Transfers In/(Out)	(776,032)	(212,907)	(563,125)	264%
Net Increase/(Decrease) in Fund Balance	$ 194,743	$ 219,513	$ (24,770)	-11%
Beginning Fund Balance	2,478,514	2,259,001	219,513	10%
Ending Fund Balance	$ 2,673,257	$ 2,478,514	$ 194,743	8%

The Cafeteria Fund experienced an increase in fund balance. Revenue increased due to increased participation and increased supersnack sites. The increase in expenditure is due to a 2.0% one-time salary bonus, including payroll related costs, PERS rate increase, and increase in health and welfare costs. A transfer of one-time funds for three (3) walk-in freezers occurred in the FY 16-17, of which excess funds were refunded to the general fund in FY 17-18.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Deferred Maintenance Fund				
Total Revenue	$ 16,563	$ 12,691	$ 3,872	31%
Total Expenditure	(2,080,380)	(1,588,336)	(492,044)	31%
Transfers In/(Out)	2,000,000	2,000,000	-	0%
Net Increase/(Decrease) in Fund Balance	$ (63,817)	$ 424,355	$ (488,172)	-115%
Beginning Fund Balance	1,223,625	799,270	424,355	53%
Ending Fund Balance	$ 1,159,808	$ 1,223,625	$ (63,817)	-5%

The Deferred Maintenance Fund net decrease in fund balance is primarily due to the number of in projects performed and completed compared to prior year.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Building Fund (Including Measure J, N & S)				
Total Revenue	$ 4,785,213	$ 4,786,116	$ (903)	0%
Total Expenditure	(77,023,349)	(53,869,964)	(23,153,385)	43%
Transfers In/(Out)	5,387,828	138,588,714	(133,200,886)	-96%
Net Increase/(Decrease) in Fund Balance	$(66,850,308)	$ 89,504,866	$ (156,355,174)	-175%
Beginning Fund Balance	179,666,131	90,161,265	89,504,866	99%
Ending Fund Balance	$112,815,823	$179,666,131	$ (66,850,308)	-37%

The Building Fund includes revenue and expenditures that support capital improvement projects. It also includes the activities that are associated with leasing closed sites. This fund also represents the funding received from local property taxes as approved by the voters in 1998 (Measure S), in 2002 (Measure J), in 2012 (Measure N) and in 2016 (Measure P) and the project expenditures that are identified in the ballot measure. The net decrease in fund balance is attributable to the number of projects performed and completed compared to the prior year.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Capital Facilities Fund				
Total Revenue	$ 1,359,098	$ 2,112,607	$ (753,509)	-36%
Total Expenditure	(1,084,094)	(384,241)	(699,853)	182%
Transfers In/(Out)		(500,000)	500,000	
Net Increase/(Decrease) in Fund Balanc(	$ 275,004	$ 1,228,366	$ (953,362)	-78%
Beginning Fund Balance	3,205,712	1,977,346	1,228,366	62%
Ending Fund Balance	$ 3,480,716	$ 3,205,712	$ 275,004	9%

The Capital Facilities Fund represents the funds collected in the developer fee program. The net increase in this fund is primarily due to the decrease of funds being transferred out. Expenditures increased due to the purchase of some portables classrooms.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
County School Facilities Fund				
Total Revenue	$ 475,581	$ 2,348,803	$ (1,873,222)	-80%
Total Expenditure	-	-	-	
Transfers In/(Out)	(2,811,174)	-	(2,811,174)	
Net Increase/(Decrease) in Fund Balanc(	$ (2,335,593)	$ 2,348,803	$ (4,684,396)	-199%
Beginning Fund Balance	2,348,803		2,348,803	
Ending Fund Balance	$ 13,210	$ 2,348,803	$ (2,335,593)	-99%

The County Schools Facilities Fund represents funds transferred from the State to the County for Modernization projects under the new (1998) School Facilities Program. For FY 2017-18, the District received reimbursement from the State for the modernization project at Trajan elementary that started in FY 12-13.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2018	2017	Variance	% Diff
Special Revenue Capital Outlay Proj.				
Total Revenue	$ 2,211,745	$ 2,223,848	$ (12,103)	-1%
Total Expenditure	(1,078,802)	(2,006,890)	928,088	-46%
Transfers In/(Out)	(1,591,894)		(1,591,894)	
Net Increase/(Decrease) in Fund Balanc(	$ (458,951)	$ 216,958	$ (675,909)	-312%
Beginning Fund Balance	3,502,743	3,285,785	216,958	7%
Ending Fund Balance	$ 3,043,792	$ 3,502,743	$ (458,951)	-13%

The Special Revenue Capital Outlay Project Fund is used to track the revenue and expenses for the California Clean Energy Jobs Act under Proposition 39 which was enacted on November 6, 2012. The District continued to fund Phase III of the LED Lighting Retrofit Project by using these funds.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

	2018	2017	Variance	% Diff
Bond Interest & Redemption Fund				
Total Revenue	$ 80,410,497	$ 53,380,310	$ 27,030,187	51%
Total Expenditure	(50,560,129)	(48,376,555)	(2,183,574)	5%
Transfers In/(Out)	-	-	-	
Net Increase/(Decrease) in Fund Balance	$ 29,850,368	$ 5,003,755	$ 24,846,613	497%
Beginning Fund Balance	59,346,219	54,342,464	5,003,755	9%
Ending Fund Balance	$ 89,196,587	$ 59,346,219	$ 29,850,368	50%

The Bond Interest and Redemption Fund is used for the repayment of bonds issued by the District. The District has adequate resources accumulated to make the principal and interest payments.

FINANCIAL ISSUES

The development of future budgets will be influenced by uncertain, external variables such as the State Budget, priorities of new state leadership, and pension costs. Internal factors of compensation and number of employees must be commensurate with the number of students. San Juan Unified School District must be vigilant in monitoring all expenditures to avoid fiscal distress.

BASIC FINANCIAL STATEMENTS

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

		Governmental Activities
ASSETS		
Cash and investments (Note 2)	$	357,634,849
Receivables		20,904,010
Prepaid expenses		1,831,156
Stores inventory		228,792
Non-depreciable capital assets (Note 4)		104,751,097
Depreciable capital assets, net of accumulated depreciation (Note 4)		421,071,061
Total assets		906,420,965
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions (Notes 8 and 9)		146,070,359
Deferred outflows of resources - OPEB (Note 10)		5,964,429
Deferred loss on refunding of debt		5,952,785
Total deferred outflows		157,987,573
LIABILITIES		
Accounts payable		29,961,470
Unearned revenue		5,908,390
Interagency balances		108,306
Unpaid claims and claim adjustment expenses (Note 5)		2,280,427
Long-term liabilities (Note 6):		
Unpaid claims and claim adjustment expenses, less current portion (Note 5)		8,009,560
Due within one year		73,351,898
Due after one year		1,097,794,813
Total liabilities		1,217,414,864
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions (Notes 8 and 9)		29,353,000
Deferred inflows of resources - OPEB (Note 10)		5,295,366
Total deferred flows		34,648,366
NET POSITION		
Net investment in capital assets		159,240,141
Restricted:		
Legally restricted programs		66,185,526
Capital projects		24,740,237
Debt service		89,196,587
Self-insurance		22,130,285
Unrestricted		(549,147,468)
Total net position	$	(187,654,692)

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 350,909,793	$ 4,535,384	$ 67,644,911	$ 475,581	$ (278,253,917)
Instruction-related services:					
Supervision of instruction	44,146,195	213,220	16,468,585	-	(27,464,390)
Instructional library, media and technology	5,091,047	46,753	229,539	-	(4,814,755)
School site administration	42,987,294	81,736	3,695,363	-	(39,210,195)
Pupil services:					
Home-to-school transportation	11,551,947	-	81,319	-	(11,470,628)
Food services	16,679,447	3,931,477	11,827,069	-	(920,901)
All other pupil services	27,391,364	50,620	7,430,938	-	(19,909,806)
General administration:					
Data processing	7,101,332	30,048	81,990	-	(6,989,294)
All other general administration	20,171,568	312,335	3,577,209	-	(16,282,024)
Plant services	46,979,148	345,571	12,439,841	-	(34,193,736)
Ancillary services	2,227,480	12,758	84,052	-	(2,130,670)
Community services	1,688,019	79,024	208,879	-	(1,400,116)
Enterprise activities	103,044	674	1,778	-	(100,592)
Interest on long-term liabilities	22,814,478	-	-	-	(22,814,478)
Other outgo	1,561,936	2,844,259	9,949,946	-	11,232,269
Total governmental activities	$ 601,404,092	$ 12,483,859	$ 133,721,419	$ 475,581	(454,723,233)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	103,247,486
Taxes levied for debt service	76,972,799
Taxes levied for other specific purposes	66,961
Federal and state aid not restricted to specific purposes	293,000,933
Interest and investment earnings	1,449,080
Interagency revenues	803,331
Miscellaneous	2,885,426
Special and extraordinary items	539,754
Total general revenues	478,965,770
Change in net position	24,242,537
Net position, July 1, 2017	(120,547,721)
Cumulative effect of GASB 75 implementation	(91,349,508)
Net position, July 1, 2017, as restated	(211,897,229)
Net position, June 30, 2018	$ (187,654,692)

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 79,002,779	$ 21,539,406	$ 88,812,292	$ 37,160,526	$ 226,515,003
Cash in revolving fund	205,000	-	-	4,124	209,124
Cash on hand and in banks	-	-	-	125,944	125,944
Cash awaiting deposit	63,310	-	-	37,635	100,945
Cash with Fiscal Agent	-	94,613,304	4,789,322	-	99,402,626
Receivables	11,319,709	377,302	396,544	8,588,782	20,682,337
Prepaid expenditures	861,087	-	-	180,063	1,041,150
Due from other funds	5,214,452	29,905	-	2,150,743	7,395,100
Stores inventory	35,975	-	-	192,817	228,792
Total assets	$ 96,702,312	$ 116,559,917	$ 93,998,158	$ 48,440,634	$ 355,701,021
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 12,739,728	$ 3,621,139	$ 3,207,915	$ 1,664,644	$ 21,233,426
Unearned revenue	3,282,133	-	1,593,656	318	4,876,107
Due to other funds	3,152,050	122,955	-	5,389,664	8,664,669
Total liabilities	19,173,911	3,744,094	4,801,571	7,054,626	34,774,202
Fund balances:					
Nonspendable	1,102,062	-	-	377,004	1,479,066
Restricted	31,337,236	112,815,823	89,196,587	41,009,004	274,358,650
Assigned	9,045,779	-	-	-	9,045,779
Unassigned	36,043,324	-	-	-	36,043,324
Total fund balances	77,528,401	112,815,823	89,196,587	41,386,008	320,926,819
Total liabilities and fund balances	$ 96,702,312	$ 116,559,917	$ 93,998,158	$ 48,440,634	$ 355,701,021

See accompanying notes to financial statements.

Total fund balances - Governmental Funds		$ 320,926,819
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $802,470,600 and the accumulated depreciation is $276,648,442 (Note 4).		525,822,158
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2018 consisted of (Note 6):		
General Obligation Bonds	$ (441,659,707)	
Accreted interest	(65,977,006)	
Unamortized Premium on issuance of General Obligation Bonds	(23,707,474)	
Capitalized lease obligations	(1,529,572)	
Qualified Zone Academy Bonds	(251,353)	
Total OPEB Liability (Note 10)	(127,287,799)	
Net pension liability (Notes 8 and 9)	(505,421,000)	
Compensated absences	(5,312,800)	
		(1,171,146,711)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.		5,952,785
Internal service funds are included in the government-wide financial statements.		22,130,285
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	$ 146,070,359	
Deferred inflows of resources relating to pensions	(29,353,000)	
		116,717,359
Unmatured interest on long-term liabilities is recognized in the period incurred.		(8,726,450)

(Continued)

In government funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).		
Deferred outflows of resources relating to OPEB	$ 5,964,429	
Deferred inflows of resources relating to OPEB	(5,295,366)	
		669,063
Total net position - governmental activities		$ (187,654,692)

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 228,852,323	$ -	$ -	$ 48,312,646	$ 277,164,969
Local sources	103,252,933	-	-	-	103,252,933
Total LCFF	332,105,256	-	-	48,312,646	380,417,902
Federal sources	28,009,907	-	-	21,031,475	49,041,382
Other state sources	64,249,768	11,121	869,519	16,934,640	82,065,048
Other local sources	11,679,338	4,774,092	79,540,978	13,188,598	109,183,006
Total revenues	436,044,269	4,785,213	80,410,497	99,467,359	620,707,338
Expenditures:					
Current:					
Certificated salaries	198,779,680	-	-	28,407,859	227,187,539
Classified salaries	69,446,355	1,230,399	-	14,822,762	85,499,516
Employee benefits	124,925,019	522,411	-	19,675,151	145,122,581
Books and supplies	20,294,482	2,903,856	-	12,366,993	35,565,331
Contract services and operating expenditures	26,024,062	20,265,660	-	12,898,121	59,187,843
Other outgo	388,564	-	-	-	388,564
Capital outlay	135,019	49,141,268	-	3,359,947	52,636,234
Debt service:					
Principal retirement	315,213	-	34,454,953	123,808	34,893,974
Interest	52,432	2,959,755	16,105,176	3,753	19,121,116
Total expenditures	440,360,826	77,023,349	50,560,129	91,658,394	659,602,698
(Deficiency) excess of revenues (under) over expenditures	(4,316,557)	(72,238,136)	29,850,368	7,808,965	(38,895,360)
Other financing sources (uses):					
Transfers in	1,500,026	5,512,903	-	2,374,607	9,387,536
Transfers out	(2,224,570)	(125,075)	-	(7,037,891)	(9,387,536)
Total other financing sources (uses)	(724,544)	5,387,828	-	(4,663,284)	-
Net change in fund balances	(5,041,101)	(66,850,308)	29,850,368	3,145,681	(38,895,360)
Fund balances, July 1, 2017	82,569,502	179,666,131	59,346,219	38,240,327	359,822,179
Fund balances, June 30, 2018	$ 77,528,401	$ 112,815,823	$ 89,196,587	$ 41,386,008	$ 320,926,819

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - Total Governmental Funds	$ (38,895,360)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	73,167,063
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(24,628,152)
Proceeds from disposal of capital assets are reported as revenue in the governmental funds and as gain or loss in the statement of activities (Note 4).	(185,407)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	34,893,974
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 6).	2,052,571
Accreted interest on capital appreciation bonds is recognized in the period it is incurred. In governmental funds it is only recognized when it is due (Note 6).	(3,847,868)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.	(758,359)
Interest on long-term liabilities is recognized in the period incurred, in governmental funds it is recognized when due.	(1,139,706)
Activities of the internal service fund are reported with governmental activities.	2,626,576
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (Notes 8 and 9)	(12,996,093)
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis (Note 10).	(5,528,492)

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	$ (518,210)
Change in net position of governmental activities	$ 24,242,537

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2018

ASSETS	
Current assets:	
Cash in County Treasury	$ 31,281,207
Receivables	221,673
Prepaid expenses	790,006
Due from other funds	1,256,500
Total assets	33,549,386
LIABILITIES	
Current liabilities:	
Accounts payable	1,594
Unearned revenue	1,032,283
Due to other funds	95,237
Current unpaid claims and claim adjustment expenses	2,280,427
Total current liabilities	3,409,541
Unpaid claims and claim adjustment expenses, less current portion	8,009,560
Total liabilities	11,419,101
NET POSITION	
Restricted for self-insurance activities	$ 22,130,285

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION -
PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2018

Operating revenues:	
Self-insurance premiums	$ 18,900,334
Other local revenue	10,000
Total operating revenues	18,910,334
Operating expenses:	
Certificated salaries	
Classified salaries	386,864
Employee benefits	172,356
Books and supplies	16,564
Contract services	16,116,722
Total operating expenses	16,692,506
Operating income	2,217,828
Non-operating revenue:	
Interest income	408,748
Change in net position	2,626,576
Total net position, July 1, 2017	19,503,709
Total net position, June 30, 2018	$ 22,130,285

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 23,536,856
Cash received from other state and local sources	10,000
Cash paid for contract services	(15,157,808)
Cash paid for employee benefits	(2,348,512)
Cash paid for salaries	(386,864)
Cash paid for other expenses	(16,564)
Net cash provided by operating activities	5,637,108
Cash flows provided by investing activities:	
Interest income received	408,748
Increase in cash and investments	6,045,856
Cash and investments, July 1, 2017	25,235,351
Cash and investments, June 30, 2018	$ 31,281,207
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 2,217,828
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Decrease) increase in:	
Receivables	(109,125)
Amount due from other funds	4,779,986
Prepaid expenses	230,888
Deferred outflows of resources - pensions	382,844
Increase (decrease) in:	
Unearned revenue	123,628
Accounts payable	(19,571)
Amount due to other funds	(138,396)
Unpaid claims and claim adjustment expenses	728,026
Pension liability	(2,519,000)
Deferred inflows of resources - pensions	(40,000)
Total adjustments	3,419,280
Net cash provided by operating activities	$ 5,637,108

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2018

	Special Education Pass-Through Fund	Student Body Fund	Total Agency Funds
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ -	$ 2,003,097	$ 2,003,097
Cash on hand and in banks	-	-	-
Prepaid expenditures	-	100	100
Due from other funds	108,306	-	108,306
Total assets	$ 108,306	$ 2,003,197	$ 93,461,011
LIABILITIES			
Accounts payable	$ 108,306	$ -	$ 108,306
Due to student groups	-	2,003,197	2,003,197
Total liabilities	$ 108,306	$ 2,003,197	$ 2,111,503

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the San Juan Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities by the District.

The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for the payment of principal and interest related to the General Obligation Bonds.

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Charter Schools, Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds.

Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This includes the Capital Facilities, County Schools Facilities, and Special Reserve for Projects Funds.

The Self-Insurance Fund is an internal service fund which is used to account for the District's workers' compensation claims, employee vision and dental benefits.

The Special Education Pass-Through Fund is an Agency Fund used by the District to account for Special Education pass-through funds.

The Student Body Fund is a Agency Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2018.

Stores Inventory: Stores inventory in the General and Cafeteria Funds consists mainly of consumable supplies held for future use and are valued at actual cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP an PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$101,422,788	$ 44,647,571	$146,070,359
Deferred inflows of resources	$ 25,648,000	$ 3,705,000	$ 29,353,000
Net pension liability	$357,172,000	$148,249,000	$505,421,000
Pension expense	$ 46,464,270	$ 29,003,220	$ 75,467,490

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

Compensated Absences: Compensated absences benefits totaling $5,312,800 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2- Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for payment of the self-insured claims. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 - Unrestricted Net Position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2018, no such designation has occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2018, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves 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. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated by decreasing net position by $91,349,508 because of the recognition of the Total OPEB Liability and Deferred Outflows of Resources.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2018 consisted of the following:

	Governmental Activities	Fiduciary Funds
Pooled Funds:		
Cash in County Treasury	$ 257,796,210	$ 2,003,097
Deposits:		
Cash in revolving fund	209,124	-
Cash on hand and in banks	125,944	-
Cash with Fiscal Agent:		
Restricted for capital projects and debt repayment	99,402,626	-
Cash awaiting deposit	100,945	-
Total	$ 357,634,849	$ 2,003,097

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Sacramento County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was $335,068 and the bank balance was $2,111,917, of which $1,861,917 was uninsured.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2018, the District had no concentration of credit risk.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the General Fund, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 5,214,452	$ 3,152,050
Building	29,905	122,955
Non-Major Funds:		
Charter Schools	1,727,313	1,624,149
Adult Education	-	2,564
Child Development	19,195	2,600,451
Cafeteria	404,235	1,123,039
Capital Facilities	-	39,461
Special Education Pass-Through	108,306	-
Self-Insurance Fund	1,256,500	95,237
Totals	$ 8,759,906	$ 8,759,906

Transfers: Transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2017-18 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for unrecovered delinquent meals.	$ 44,754
Transfer from the General Fund to the Building Fund for child development custodial charges.	148,379
Transfer from the General Fund to the Building Fund for special education custodial charges.	12,378
Transfer from the General Fund to the Building Fund for custodial charges at re-use sites.	19,059

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfer from the General Fund to the Deferred Maintenance Fund for a pass-through transfer.	$ 2,000,000
Transfer from the Building Fund to the Cafeteria Fund for return of funds for a completed project.	125,075
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	149,856
Transfer from the Charter Schools Fund to the Building Fund for Choices Charter Facility Lease Payment - Billy Mitchell and Visions In Education Facility Rent - Creekside.	269,092
Transfer from the Charter Schools Fund to the Special Reserve for Projects Fund for California Clean Energy for Mitchell Middle School.	204,778
Transfer from the Adult Education Fund to the General Fund for indirect costs.	69,307
Transfer from the Adult Education Fund to the Building Fund for a re-use site fee for Sunrise Elementary School.	122,270
Transfer from the Child Development Fund to the General Fund for indirect costs.	668,881
Transfer from the Cafeteria Fund to the General Fund for return of funds for a completed project.	26,116
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	585,866
Transfer from the Cafeteria Fund to the Building Fund for a capital improvement project.	313,000
Transfer from the Cafeteria Fund to the Building Fund for custodial charges at re-use sites.	20,879
Transfer from the County Schools Facilities Fund to the Building Fund for Trajan modernization project.	455,124
Transfer from the County Schools Facilities Fund to the Building Fund for Bella Vista modernization project.	2,356,050
Transfer from the Special Reserve for Projects Fund to the Building Fund for a solar project at Bella Vista.	1,796,672
	$ 9,387,536

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017	Transfers and Additions	Transfers and Deductions	Balance June 30, 2018
Non-depreciable:				
Land	$ 6,350,107	$ -	$ -	$ 6,350,107
Work-in-process	90,767,505	67,099,944	59,466,459	98,400,990
Depreciable:				
Buildings	528,568,156	63,143,250	-	591,711,406
Improvement of sites	78,399,052	1,719,332	-	80,118,384
Equipment 27,072,783	670,996	1,854,066	25,889,713	
Totals, at cost	731,157,603	132,633,522	61,320,525	802,470,600
Less accumulated depreciation:				
Buildings	(215,028,741)	(19,844,077)	-	(234,872,818)
Improvement of sites	(19,013,587)	(3,541,968)	-	(22,555,555)
Equipment	(19,646,621)	(1,242,107)	(1,668,659)	(19,220,069)
Total accumulated depreciation	(253,688,949)	(24,628,152)	(1,668,659)	(276,648,442)
Governmental activities capital assets, net	$ 477,468,654	$ 108,005,370	$ 59,651,866	$ 525,822,158

Depreciation expense was charged to governmental activities for the year ended June 30, 2018 as follows:

Instruction	$ 22,841,719
Home-to-school transportation	847,564
Food services	114,577
Pupil services	12,098
All other general administration	316,942
Data processing	280,116
Plant services	215,136
Total depreciation expense	$ 24,628,152

(Continued)

NOTE 5 - SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for workers' compensation, employee vision benefits and employee dental benefits. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. There has been no reduction in insurance coverage from the previous year.

The Self-Insurance Fund provides coverage up to statutory limits for each workers' compensation claim. Beginning July 1, 1996 up to June 30, 2001 the District was fully insured for workers' compensation losses with Firemans' Fund. On July 1, 2001, the District returned to a self-insured program. This program provides coverage up to $750,000 per occurrence. The District has coverage for claims in excess of this amount through Safety National Casualty Corporation. All other benefits covered by the Self-Insurance Fund are fully insured with no excess coverage purchased.

The workers' compensation claims liability of $10,031,837 is based on an actuarial study as of June 30, 2018 discounted at 1.0%. The Dental and Vision claims liabilities of $234,451 and $23,699, respectively are calculated based on an incremental lag factor methodology. Changes in the Fund's claims liability for the years ended June 30, 2017 and 2018 were as follows:

	Workers' Compensation	Dental	Vision	Total
Claims liability at July 1, 2016	$ 9,174,502	$ 213,054	$ 20,994	$ 9,408,550
Incurred claims	2,347,653	4,620,707	408,398	7,376,758
Claim payments	(2,187,667)	(4,629,178)	(406,502)	(7,223,347)
Claims liability at July 1, 2017	9,334,488	204,583	22,890	9,561,961
Incurred claims	3,478,658	4,801,026	382,967	8,662,651
Claim payments	(2,781,309)	(4,771,158)	(382,158)	(7,934,625)
Claims liability at June 30, 2018	$ 10,031,837	$ 234,451	$ 23,699	$ 10,289,987

NOTE 6 - LONG-TERM LIABILITIES

General Obligation Bonds: In August 1999, the District issued General Obligation Bonds, Election of 1998, Series 1999 totaling $27,500,197 for the repair of school facilities. These serial bonds with interest rates from 4.38% to 5.70% mature in varying amounts through August 2024. With the issuance of the Refunding Series 2007 General Obligation Bonds in June 2007, $14,935,000 of the Series 1999 bonds were refunded.

The annual payments required to amortize the Series 1999 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 563,013	$ 1,261,987	$ 1,825,000
2022	530,894	1,289,106	1,820,000
2023	499,736	1,320,264	1,820,000
2024-2025	916,555	2,713,445	3,630,000
	$ 2,510,198	$ 6,584,802	$ 9,095,000

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In August 2000, the District issued General Obligation Bonds, Election of 1998, Series 2000 in the amount of $41,997,786 to renovate, construct and modernize classrooms and school facilities within the District. The bonds mature during succeeding years through August 2025. The bonds were issued at varying interest rates from 4.375% to 6.250%. With the issuance of the Refunding Series 2007 General Obligation Bonds in June 2007, $31,680,000 of the Series 2000 bonds were refunded.

The annual payments required to amortize the Series 2000 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	$ 452,825	$ 1,082,175	$ 1,535,000
2023	429,583	1,120,417	1,550,000
2024-2026	1,165,378	3,574,622	4,740,000
	$ 2,047,786	$ 5,777,214	$ 7,825,000

In August 2002, the District issued General Obligation Bonds, Election of 1998, Series 2001A and 2001B in the amount of $46,997,897. These bonds mature during succeeding years through August 2026, and were issued at varying interest rates from 4.200% to 5.125%. With the issuance of the 2012 General Obligation Refunding Bonds, Series A in March 2012, the remaining $2,520,000 of the 2001A Series bonds were refunded.

The annual payments required to amortize the 2001B General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,412,506	$ 2,157,494	$ 3,570,000
2020	1,648,137	2,781,863	4,430,000
2021	1,726,486	3,203,514	4,930,000
2022	2,818,530	5,736,470	8,555,000
2023	2,937,678	6,507,322	9,445,000
2024-2027	11,756,186	32,038,814	43,795,000
	$ 22,299,523	$ 52,425,477	$ 74,725,000

In July 2003, the District issued General Obligation Bonds, Election of 1998, Series 2003A and 2003B in the amount of $40,504,105 to build, acquire, construct and furnish school facilities. The bonds mature during succeeding years through August 2028. The bonds were issued at varying interest rates from 1% to 5.8%. With the issuance of the 2012 General Obligation Refunding Bonds, Series A in March 2012, $9,905,000 of the Series 2003A bonds were refunded.

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The annual payments required to amortize the 2003A and 2003B General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 846,244	$ 1,018,756	$ 1,865,000
2020	824,252	1,120,748	1,945,000
2021	783,427	1,196,573	1,980,000
2022	714,828	1,220,172	1,935,000
2023	-	-	-
2024-2028	9,542,469	26,887,531	36,430,000
2029	4,671,048	14,798,952	19,470,000
	$ 17,382,268	$ 46,242,732	$ 63,625,000

In August 2004, the District issued General Obligation Bonds, Election of 2002, Series 2004A consisting of current interest bonds totaling $67,205,000 and capital appreciation bonds totaling $1,794,931 to build, acquire, construct and furnish school facilities. The capital appreciation bonds carry interest rates of 5.52% and 5.53% and mature in August 2028 and 2029. With the issuance of the 2012 General Obligation Refunding Bonds, Series C in September 2012, $37,000,000 of Series 2004A General Obligation Bonds were refunded.

The annual payments required to amortize the Series 2004A capital appreciation bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2029-2030	$ 1,794,932	$ 6,140,068	$ 7,935,000

In July 2010, the District issued General Obligation Bonds, Election of 2002, Series 2010 in the amount of $55,000,000 to build, acquire, construct and furnish school facilities. These bonds mature during succeeding years through August 2034, and were issued at varying interest rates from 2.25% to 5.00%. With the issuance of the 2002 General Obligation Refunding Bonds, Series 2017, in March 2017, $36,000,000 of the 2002 General Obligation Bonds, Series 2010 were refunded. The remaining outstanding bonds mature during succeeding years through August 2020.

The annual payments required to amortize the 2010 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,700,000	$ 1,868,625	$ 3,568,625
2020	1,750,000	1,804,000	3,554,000
2021	1,800,000	1,737,375	3,537,375
	$ 5,250,000	$ 5,410,000	$ 10,660,000

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In June 2011, the District issued General Obligation Bonds, Election of 2002, Series 2011 in the amount of $10,600,000 to build, acquire, construct and furnish school facilities. These bonds mature during succeeding years through June 2026, and were issued at varying interest rates from 0.8% to 5.5%.

The annual payments required to amortize the 2011 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 429,275	$ 429,275
2020	-	429,275	429,275
2021	-	429,275	429,275
2022	-	429,275	429,275
2023	-	429,275	429,275
2024-2026	7,805,000	1,430,917	9,235,917
	$ 7,805,000	$ 3,581,995	$ 11,382,292

In March 2012, the District issued Series 2012 General Obligation Refunding Bonds, Series A and Series B in the amount of $12,435,000 and $23,910,000, respectively. The 2012 Refunding Bonds were issued to refund the remaining $2,520,000 of Series 2001A General Obligation Bonds and $9,905,000 of Series 2003A General Obligation Bonds. The 2012 Refunding Bonds mature during succeeding years through August 2028, and were issued at varying interest rates from 2.0% to 5.0%.

The annual payments required to amortize the 2012 Series A and B General Obligation Refunding Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,955,000	$ 1,238,756	$ 3,193,756
2020	2,115,000	1,158,931	3,273,931
2021	2,325,000	1,070,131	3,395,131
2022	2,480,000	976,056	3,456,056
2023	2,350,000	881,481	3,231,481
2024-2028	14,555,000	2,612,353	17,167,353
2029	3,575,000	83,719	3,658,719
	$ 29,355,000	$ 8,021,427	$ 37,376,427

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In September 2012, the District issued General Obligation Refunding Series C Bonds in the amount of $36,480,000 to refund a portion of the District's outstanding General Obligation Bonds Series 2004A. The Refunding Series C bonds mature during succeeding years through August 2027. The bonds were issued at an interest rates ranging from 2 to 5%. $37,000,000 of the Series 2004A outstanding bonds were refunded. This amount has been removed from long-term liabilities.

The annual payments required to amortize the 2012 Refunding General Obligation Bonds Series C outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,335,000	$ 1,105,775	$ 3,440,775
2020	2,560,000	983,400	3,543,400
2021	2,685,000	865,700	3,550,700
2022	2,790,000	756,200	3,546,200
2023	2,905,000	642,300	3,547,300
2024-2028	16,330,000	1,405,300	17,735,300
	$ 29,605,000	$ 5,758,675	$ 35,363,675

In January 2013, the District issued General Obligation Bonds Election of 2002, Series 2013 in the amount of $50,000,000 to build, acquire, construct and furnish school facilities. The bonds mature during succeeding years through August 2038. The bonds were issued at an interest rates ranging from 3% to 5%.

The annual payments required to amortize the Election of 2002, Series 2013 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,130,000	$ 1,582,018	$ 2,712,018
2020	1,190,000	1,524,018	2,714,018
2021	1,250,000	1,463,018	2,713,018
2022	1,310,000	1,399,018	2,709,018
2023	1,375,000	1,331,893	2,706,893
2024-2028	9,240,000	5,414,915	14,654,915
2029-2033	11,105,000	3,660,284	14,765,284
2034-2038	13,345,000	1,701,729	15,046,729
2039	2,975,000	52,063	3,027,063
	$ 42,920,000	$ 18,128,956	$ 61,048,956

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In May 2014, the District issued General Obligation Bonds, Election of 2002, Series 2014 in the amount of $44,265,000 to refund a portion of the District's outstanding General Obligation Bonds, Election of 2002, Series 2007. The bonds mature during succeeding years through August 2030. The bonds were issued at an interest rates ranging from 2% to 5%. $47,060,000 of the Series 2007 outstanding bonds were refunded.

The annual payments required to amortize the 2002 Series 2014 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 2,185,000	$ 1,985,250	$ 4,170,250
2020	2,265,000	1,876,000	4,141,000
2021	2,355,000	1,762,750	4,117,750
2022	2,450,000	1,645,000	4,095,000
2023	2,545,000	1,522,500	4,067,500
2024-2028	14,295,000	5,602,000	19,897,000
2029-2031	13,610,000	1,554,500	15,164,500
	$ 39,705,000	$ 15,948,000	$ 55,653,000

In May 2015, the District issued General Obligation Refunding Bonds Election of 1998, Series 2015 in the amount of $25,770,000 to refund a portion of the District's outstanding Election of 1998 Refunding Series 2007 General Obligation Bonds. $27,360,000 of the Refunding Series 2007 General Obligation Bonds were refunded. These amounts have been removed from long-term liabilities. The bonds mature during succeeding years through August 2020. The bonds were issued at varying interest rates from 2% to 5%.

The annual payments required to amortize the Refunding Bonds Election of 1998, Series 2015 outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 5,530,000	$ 622,000	$ 6,152,000
2020	5,370,000	400,800	5,770,800
2021	3,720,000	186,000	3,906,000
	$ 14,620,000	$ 1,208,800	$ 15,828,800

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In July 2014, the District issued General Obligation Bonds Election of 2002, Series 2014 in the amount of $25,925,000 to build, acquire, construct and furnish school facilities. The bonds mature during succeeding years through August 2032. The bonds were issued at an interest rates ranging from 2% to 5%.

The annual payments required to amortize the Election of 2002, Series 2014 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 605,000	$ 848,125	$ 1,453,125
2020	625,000	829,675	1,454,675
2021	645,000	810,625	1,455,625
2022	665,000	790,975	1,455,975
2023	685,000	770,725	1,455,725
2024-2028	3,775,000	3,459,125	7,234,125
2029-2033	12,185,000	1,926,300	14,111,300
	$ 19,185,000	$ 9,435,550	$ 28,620,550

In July 2014, the District issued General Obligation Bonds Election of 2012, Series B in the amount of $80,000,000 to build, acquire, construct and furnish school facilities. The bonds mature during succeeding years through August 2027. The bonds were issued at an interest rates ranging from 1% to 3%.

The annual payments required to amortize the Election of 2012, Series B General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 3,135,000	$ 1,057,650	$ 4,192,650
2020	3,265,000	945,975	4,210,975
2021	3,365,000	846,525	4,211,525
2022	3,465,000	744,075	4,209,075
2023	3,565,000	638,625	4,203,625
2024-2028	19,505,000	1,497,375	21,002,375
	$ 36,300,000	$ 5,730,225	$ 42,030,225

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In March 2017, the District issued General Obligation Bonds Election of 2002, Series 2017 in the amount of $23,475,000 to finance specific construction, acquisition and modernization projects. The bonds mature during succeeding years through August 2022. The bonds were issued at an interest rates ranging from 2% to 3%.

The annual payments required to amortize the Election of 2002, Series 2017 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 10,630,000	$ 447,575	$ 11,077,575
2020	2,720,000	314,075	3,034,075
2021	3,375,000	244,688	3,619,688
2022	4,040,000	141,900	4,181,900
2023	2,710,000	40,650	2,750,650
	$ 23,475,000	$ 1,188,888	$ 24,663,888

In March 2017, the District issued General Obligation Bonds Election of 2012, Series 2017 in the amount of $70,000,000 to finance specific construction, acquisition and modernization projects. The bonds mature during succeeding years through August 2028. The bonds were issued at an interest rates ranging from 2% to 4%.

The annual payments required to amortize the Election of 2012, Series 2017 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 13,575,000	$ 1,755,775	$ 15,330,775
2020	15,365,000	1,466,375	16,831,375
2021	4,055,000	1,262,038	5,317,038
2022	4,155,000	1,149,025	5,304,025
2023	4,280,000	1,022,500	5,302,500
2024-2028	23,410,000	3,052,350	26,462,350
2029	5,160,000	103,200	5,263,200
	$ 70,000,000	$ 9,811,263	$ 79,811,263

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

In March 2017, the District issued General Obligation Bonds Election of 2016, Series 2017 in the amount of $39,920,000 to finance specific construction, acquisition and modernization projects. The bonds mature during succeeding years through August 2019. The bonds were issued at an interest rates ranging from 2% to 2.5%.

The annual payments required to amortize the Election of 2016, Series 2017 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 19,195,000	$ 710,075	$ 19,905,075
2020	20,725,000	259,063	20,984,063
	$ 39,920,000	$ 969,138	$ 40,889,138

In March 2017, the District issued General Obligation Bonds Election of 2002, Refunding Series 2017 in the amount of $37,890,000 to advance refund a portion of the General Obligation Bonds, Election of 2002, Series 2010 and pay costs of issuance of the Refunding Bonds. The bonds mature during succeeding years through August 2026. The bonds were issued at an interest rates ranging from 2% to 3.375%.

The annual payments required to amortize the Election of 2002, Refunding Series 2017 General Obligation Bonds outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 545,000	$ 1,147,831	$ 1,692,831
2020	555,000	1,134,056	1,689,056
2021	575,000	1,117,106	1,692,106
2022	2,490,000	1,071,131	3,561,131
2023	4,485,000	966,506	5,451,506
2024-2027	28,835,000	1,639,078	30,474,078
	$ 37,485,000	$ 7,075,708	$ 44,560,708

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations: The District is leasing equipment under long-term lease purchase agreements with capitalized value of $2,972,768 and accumulated depreciation of $1,815,655. The following is a summary of future payments on the capital leases:

Year Ending June 30,	Principal
2019	$ 305,629
2020	299,992
2021	299,992
2022	299,992
2023	299,992
2024	149,996
Total payments	1,655,593
Less amount representing interest	(126,021)
Net present value of minimum payments	$ 1,529,572

Qualified Zone Academy Bonds: On February 19, 2008, the District issued a Qualified Zone Academy Bond (QZAB) in the amount of $1,435,580. The bond matures through 2020, with an interest rate of 1%.

The following is a schedule of the future payments for the 2008 QZAB:

Year Ending June 30,	Principal	Interest	Total
2019	$ 125,050	$ 2,514	$ 127,564
2020	126,303	1,263	127,566
	$ 251,353	$ 3,777	$ 255,130

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2018 is shown below:

	Balance July 1, 2017 as Restated	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 476,114,660	$ -	$ 34,454,953	$ 441,659,707	$ 64,778,750
Accreted interest	62,129,138	3,847,868	-	65,977,006	-
Unamortized premium on Issuance of General Obligation Bonds	25,760,045	-	2,052,571	23,707,474	2,869,209
Capitalized lease obligations	1,844,785	-	315,213	1,529,572	266,089
Qualified Zone Academy Bonds	375,161	-	123,808	251,353	125,050
Total OPEB liability (Note 10)	126,754,316	533,483	-	127,287,799	-
Net pension liability (Notes 8 and 9)	446,017,000	59,404,000	-	505,421,000	-
Compensated absences	4,794,590	518,210	-	5,312,800	5,312,800
Totals	$1,143,789,695	$ 64,303,561	$ 36,946,545	$1,171,146,711	$ 73,351,898

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the capitalized lease obligations and Qualified Zone Academy Bonds are made from the General and Capital Facilities Funds. Payments for OPEB and compensated absences are made from the fund for which the related employee worked.

(Continued)

NOTE 7 - FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 205,000	$ -	$ -	$ 4,124	$ 209,124
Prepaid expenditures	861,087	-	-	180,063	1,041,150
Stores inventory	35,975	-	-	192,817	228,792
Subtotal nonspendable	1,102,062	-	-	377,004	1,479,066
Restricted:					
Legally restricted programs	31,337,236	-	-	34,471,286	65,808,522
Capital projects	-	112,815,823	-	6,537,718	119,353,541
Debt service	-	-	89,196,587	-	89,196,587
Subtotal restricted	31,337,236	112,815,823	89,196,587	41,009,004	274,358,650
Assigned:					
LCFF Supplemental	7,783,779	-	-	-	7,783,779
CTE carryover	200,000	-	-	-	200,000
Strategic Plan	1,062,000	-	-	-	1,062,000
Subtotal assigned	9,045,779	-	-	-	9,045,779
Unassigned:					
Designated for economic uncertainty	9,000,000	-	-	-	9,000,000
Undesignated	27,043,324	-	-	-	27,043,324
Subtotal unassigned	36,043,324	-	-	-	36,043,324
Total fund balances	$ 77,528,401	$ 112,815,823	$ 89,196,587	$ 41,386,008	$ 320,926,819

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $31,094,788 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 01, 2046 and thereafter	2.017%	(4)	2.50%	4.571%(3)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3)The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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:

District's proportionate share of the net pension liability	$ 357,172,000
State's proportionate share of the net pension liability associated with the District	211,301,000
Total	$ 568,473,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.386 percent, which was an decrease of 0.011 percent from its proportion measured as of June 30, 2016.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2018, the District recognized pension expense of $46,464,270 and revenue of $20,999,195 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
Difference between expected and actual experience	$ 1,321,000	$ 6,230,000
Changes of assumptions	66,170,000	-
Net differences between projected and actual earnings on investments	-	9,512,000
Changes in proportion and differences between District contributions and proportionate share of contributions	2,837,000	9,906,000
Contributions made subsequent to measurement date	31,094,788	-
Total	$ 101,422,788	$ 25,648,000

$31,094,788 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 850,316
2020	$ 14,744,317
2021	$ 9,622,817
2022	$ 308,150
2023	$ 9,527,400
2024	$ 9,627,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the 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 actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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.

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement Period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return 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)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the 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 the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$524,441,000	$357,172,000	$221,421,000

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

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

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members - The member contribution rate was 6.5 or 7.5 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $12,553,571 to the plan for the fiscal year ended June 30, 2018.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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 of $148,249,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.62 percent, which was a decrease of .01 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $29,003,220. 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
Difference between expected and actual experience	$ 5,311,000	$ -
Changes of assumptions	21,654,000	1,745,000
Net differences between projected and actual earnings on investments	5,129,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,960,000
Contributions made subsequent to measurement date	12,553,571	-
Total	$ 44,647,571	$ 3,705,000

$12,553,571 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 7,559,166
2020	$ 13,915,167
2021	$ 9,723,167
2022	$ (2,808,500)

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan 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 actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

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. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1-10 (1)	Expected Real Rate of Return Years 11+
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period
(2) An expected inflation rate of 3.00% used for this period

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 218,122,000	$ 148,249,000	$ 90,284,000

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

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides post-employment health care benefits (medical and dental) under a single employer defined benefit OPEB plan to all certificated, management and confidential employees who are eligible to retire from the District and have completed a minimum of 5 years of employment with the District. The plan does not issue separate financial statements. Health care benefits are provided for supervisory employees who are eligible to retire under a single employer defined benefit OPEB plan and have completed a minimum of 10 years of employment with the District. Health care benefits are provided to classified and transportation employees, who have reached the age of 55, are eligible to retire under a single employer defined benefit OPEB plan and have completed a minimum of 10 years of employment with the District. Health care benefits are provided to these employees until they have attained the age of 65. As of June 30, 2018 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2018:

	Number of Participants	
	District	Charter
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	499	3
Active employees	4,204	26
	4,703	29

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All salaried employees of the District are eligible to receive postemployment health care benefits. Hourly employees (i.e. non-salaried with variable work hours) are not eligible to receive postemployment health care benefits.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were $5,964,429 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

The District's Total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of March 1, 2017.

(Continued)

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the March 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Value of Assets	Market Value
Mortality Rate	California PERS - Non-work related rated developed in 2014 California PERS experience study.
Discount Rate as of March 1, 2017	3.56% based on the Fidelity Municipal Bond AA 20 year maturity yield index.
Retirement Rate	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010)
Inflation Rate	2.75% per year
Salary Increases	3.25% per year
Healthcare Trend Rate	5.00% - 8.00% per year

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	$ 126,754,316
Changes for the year:	
Service cost	8,222,343
Interest	3,858,622
Changes of benefit terms	-
Differences between actual and expected experience	-
Changes in assumptions	(5,883,410)
Benefit payments	(5,664,072)
Administrative expenses	-
Net change	533,483
Balance, June 30, 2018	$ 127,287,799

The changes in assumptions include a change in the discount rate from 2.92% in the prior valuation, to 3.56% in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2018 which had a significant effect on the District's Total OPEB Liability.

(Continued)

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	$ 136,678,491	$ 127,287,799	$ 118,419,391

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

	1% Decrease (7.00%)	Healthcare Cost Trend Rates Rate (8.00%)	1% Increase (9.00%)
Total OPEB Liability	$ 113,757,893	$ 127,287,799	$ 143,188,258

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 $11,490,150. 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
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	5,295,366
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	5,964,429	-
Total	$ 5,964,429	$ 5,295,366

(Continued)

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

$5,936,616 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,		
2019	$	(590,815)
2020	$	(590,815)
2021	$	(590,815)
2022	$	(590,815)
2023	$	(590,815)
Thereafter	$	(2,341,291)

The effect of changes in assumptions are amortized over a closed period of 10 years as of the June 30, 2017 measurement date.

NOTE 11 - JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority (JPA), Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The Joint Powers Agreement with SIA provides that SIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $100,000 and $750,000 for each insured event for property and liability, respectively. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage in the prior year.

The following is a summary of financial information for Schools Insurance Authority at June 30, 2018:

Total assets	$	140,450,093
Deferred outflows	$	1,580,594
Total liabilities	$	67,894,697
Deferred inflows	$	253,160
Net position	$	73,882,830
Total revenues	$	55,147,588
Total expenses	$	48,132,916

Each member of the JPA has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets.

The relationship between San Juan Unified School District and the Joint Powers Authority is such that it is not a component unit of the District for financial reporting purposes. Financial statements for the JPA are available from Schools Insurance Authority.

(Continued)

NOTE 12 - CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

As of June 30, 2018, the District has approximately $73 million in outstanding commitments on ongoing construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JUAN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 236,546,676	$ 228,852,323	$ 228,852,323	$ -
Local sources	94,909,138	103,252,933	103,252,933	-
Total Local Control Funding Formula	331,455,814	332,105,256	332,105,256	-
Federal sources	27,628,572	32,154,076	28,009,907	(4,144,169)
Other state sources	53,067,124	65,876,942	64,249,768	(1,627,174)
Other local sources	6,214,782	12,138,215	11,679,338	(458,877)
Total revenues	418,366,292	442,274,489	436,044,269	(6,230,220)
Expenditures:				
Current:				
Certificated salaries	197,683,642	200,191,870	198,779,680	1,412,190
Classified salaries	69,273,850	70,259,320	69,446,355	812,965
Employee benefits	119,525,304	125,616,900	124,925,019	691,881
Books and supplies	20,326,626	30,286,102	20,294,482	9,991,620
Contract services and operating expenditures	25,673,298	29,045,350	26,024,062	3,021,288
Other outgo	290,745	356,240	388,564	(32,324)
Capital outlay	1,572	567,665	135,019	432,646
Debt service:				
Principal retirement	247,165	315,213	315,213	-
Interest	54,828	52,432	52,432	-
Total expenditures	433,077,030	456,691,092	440,360,826	16,330,266
(Deficiency) excess of revenues (under) over expenditures	(14,710,738)	(14,416,603)	(4,316,557)	10,100,046
Other financing sources (uses):				
Transfers in	1,456,489	1,534,527	1,500,026	(34,501)
Transfers out	(2,180,496)	(2,224,570)	(2,224,570)	-
Total other financing sources (uses)	(724,007)	(690,043)	(724,544)	(34,501)
Net change in fund balance	(15,434,745)	(15,106,646)	(5,041,101)	10,065,545
Fund balance, July 1, 2017	82,569,502	82,569,502	82,569,502	-
Fund balance, June 30, 2018	$ 67,134,757	$ 67,462,856	$ 77,528,401	$ 10,065,545

See accompanying notes to required supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2018
District:	
Total OPEB Liability	
Service Cost	$ 8,222,343
Interest	3,858,622
Change in assumptions	(5,883,410)
Benefit Payments	(5,664,072)
Net change in total OPEB liability	533,483
Total OPEB liability - beginning of year	126,754,316
Total OPEB liability - end of year	$ 127,287,799
Covered employee payroll	$ 275,467,608
Total OPEB liability as a percentage of covered-employee payroll	46%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.385%	0.413%	0.397%	0.386%
District's proportionate share of the net pension liability	$224,874,000	$277,909,000	$320,872,000	$357,172,000
State's proportionate share of the net pension liability associated with the District	135,789,000	146,988,000	182,684,000	211,301,000
Total net pension liability	$360,663,000	$424,897,000	$503,556,000	$568,473,000
District's covered payroll	$171,397,000	$191,597,000	$197,714,000	$204,691,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	117.42%	145.05%	162.29%	174.49%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.644%	0.605%	0.634%	0.621%
District's proportionate share of the net pension liability	$ 73,164,000	$ 89,144,000	$125,145,000	$148,249,000
District's covered payroll	$ 67,654,000	$ 66,954,000	$ 76,018,000	$ 78,847,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	159.74%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 17,013,776	$ 21,214,764	$ 26,349,076	$ 31,094,788
Contributions in relation to the contractually required contribution	(17,013,776)	(21,214,764)	(26,349,076)	(31,094,788)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$191,597,000	$197,714,000	$204,691,000	$215,487,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 7,881,146	$ 9,005,903	$ 10,950,220	$ 12,553,571
Contributions in relation to the contractually required contribution	(7,881,146)	(9,005,903)	(10,950,220)	(12,553,571)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 66,954,000	$ 76,018,000	$ 78,847,000	$ 80,829,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - 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 States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's Total OPEB Liability. There is a requirement to show information for 10 years. However, until a full 10year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

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

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, and 7.15 percent in the June 30, 2013, 2014, 2015, and 2016 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75	3.75%

SUPPLEMENTARY INFORMATION

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Projects Fund	Total
ASSETS									
Cash in County Treasury	$ 28,054,783	$ 521,628	$ 420,166	$ 409,759	$ 1,181,424	$ 3,553,586	$ 5,687	$ 3,013,493	$ 37,160,526
Cash in revolving fund	-	-	-	4,124	-	-	-	-	4,124
Cash on hand and in banks	-	-	-	125,944	-	-	-	-	125,944
Cash awaiting deposit	1,543	24,350	11,742	-	-	-	-	-	37,635
Receivables	426,845	812,455	4,390,443	2,886,484	10,012	24,721	7,523	30,299	8,588,782
Prepaid expenditures	180,063	-	-	-	-	-	-	-	180,063
Due from other funds	1,727,313	-	19,195	404,235	-	-	-	-	2,150,743
Stores inventory	-	-	-	192,817	-	-	-	-	192,817
Total assets	$ 30,390,547	$ 1,358,433	$ 4,841,546	$ 4,023,363	$ 1,191,436	$ 3,578,307	$ 13,210	$ 3,043,792	$ 48,440,634
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ 967,196	$ 23,258	$ 357,365	$ 227,067	$ 31,628	$ 58,130	$ -	$ -	$ 1,664,644
Unearned revenue	-	-	318	-	-	-	-	-	318
Due to other funds	1,624,149	2,564	2,600,451	1,123,039	-	39,461	-	-	5,389,664
Total liabilities	2,591,345	25,822	2,958,134	1,350,106	31,628	97,591	-	-	7,054,626
Fund balances:									
Nonspendable	180,063	-	-	196,941	-	-	-	-	377,004
Restricted	27,619,139	1,332,611	1,883,412	2,476,316	1,159,808	3,480,716	13,210	3,043,792	41,009,004
Total fund balances	27,799,202	1,332,611	1,883,412	2,673,257	1,159,808	3,480,716	13,210	3,043,792	41,386,008
Total liabilities and fund balances	$ 30,390,547	$ 1,358,433	$ 4,841,546	$ 4,023,363	$ 1,191,436	$ 3,578,307	$ 13,210	$ 3,043,792	$ 48,440,634

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Projects Fund	Total
Revenues:									
Local Control Funding Formula	$ 48,312,646	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,312,646
Federal sources	-	360,675	9,516,404	11,154,396	-	-	-	-	21,031,475
Other state sources	6,984,437	2,569,399	4,135,806	804,781	-	-	454,883	1,985,334	16,934,640
Other local sources	432,871	394,482	6,509,570	4,228,905	16,563	1,359,098	20,698	226,411	13,188,598
Total revenues	55,729,954	3,324,556	20,161,780	16,188,082	16,563	1,359,098	475,581	2,211,745	99,467,359
Expenditures:									
Current:									
Certificated salaries	20,381,068	1,065,172	6,961,619	-	-	-	-	-	28,407,859
Classified salaries	5,279,206	205,197	4,139,342	5,044,446	63,133	36,753	-	54,685	14,822,762
Employee benefits	10,393,292	495,447	5,827,649	2,908,456	8,404	21,302	-	20,601	19,675,151
Books and supplies	4,009,885	181,958	1,533,475	6,460,924	179,880	871	-	-	12,366,993
Contract services and operating expenditures	10,311,707	1,122,862	289,932	803,481	324,490	38,759	-	6,890	12,898,121
Capital outlay	-	-	-	-	1,504,473	858,848	-	996,626	3,359,947
Debt service:									
Principal retirement	-	-	-	-	-	123,808	-	-	123,808
Interest	-	-	-	-	-	3,753	-	-	3,753
Total expenditures	50,375,158	3,070,636	18,752,017	15,217,307	2,080,380	1,084,094	-	1,078,802	91,658,394
Excess (deficiency) of revenues over (under) expenditures	5,354,796	253,920	1,409,763	970,775	(2,063,817)	275,004	475,581	1,132,943	7,808,965
Other financing sources (uses):									
Transfers in	-	-	-	169,829	2,000,000	-	-	204,778	2,374,607
Transfers out	(623,726)	(191,577)	(668,881)	(945,861)	-	-	(2,811,174)	(1,796,672)	(7,037,891)
Total other financing sources (uses)	(623,726)	(191,577)	(668,881)	(776,032)	2,000,000	-	(2,811,174)	(1,591,894)	(4,663,284)
Net change in fund balances	4,731,070	62,343	740,882	194,743	(63,817)	275,004	(2,335,593)	(458,951)	3,145,681
Fund balances, July 1, 2017	23,068,132	1,270,268	1,142,530	2,478,514	1,223,625	3,205,712	2,348,803	3,502,743	38,240,327
Fund balances, June 30, 2018	$ 27,799,202	$ 1,332,611	$ 1,883,412	$ 2,673,257	$ 1,159,808	$ 3,480,716	$ 13,210	$ 3,043,792	$ 41,386,008

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
BUILDING FUNDS
June 30, 2018

	Building Fund 21	Measure S Building Fund 22	Measure J Building Fund 23	Measure N Building Fund 24	Measure P Building Fund 26	Total Building Fund
ASSETS						
Cash and investments:						
Cash in County Treasury	$ 1,868,219	$ 29,041	$ 9,171,793	$ 2,245,116	8,225,237	$ 21,539,406
Cash with Fiscal Agent	-	2,958	27,202,144	39,073,130	28,335,072	94,613,304
Receivables	105,247	287	97,401	88,813	85,554	377,302
Due from other funds	25,809	-	3,315	781	-	29,905
Total assets	$ 1,999,275	$ 32,286	$ 36,474,653	$ 41,407,840	$ 36,645,863	$116,559,917
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 149,404	$ -	$ 305,530	$ 2,531,724	$ 634,481	$ 3,621,139
Due to other funds	118,859	-	781	-	3,315	122,955
Total liabilities	268,263	-	306,311	2,531,724	637,796	3,744,094
Fund balances - restricted	1,731,012	32,286	36,168,342	38,876,116	36,008,067	112,815,823
Total liabilities and fund balances	$ 1,999,275	$ 32,286	$ 36,474,653	$ 41,407,840	$ 36,645,863	$116,559,917

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
BUILDING FUND
For the Year Ended June 30, 2018

	Building Fund 21	Measure S Building Fund 22	Measure J Building Fund 23	Measure N Building Fund 24	Measure P Building Fund 26	Total Building Fund
Revenues:						
Other state sources	$ 11,121	$ -	$ -	$ -	$ -	$ 11,121
Other local sources	1,670,744	1,502	1,129,493	1,414,157	558,196	4,774,092
Total revenues	1,681,865	1,502	1,129,493	1,414,157	558,196	4,785,213
Expenditures:						
Current:						
Classified salaries	203,771	-	99,274	912,829	14,525	1,230,399
Employee benefits	80,224	-	40,097	394,050	8,040	522,411
Books and supplies	462,182	-	624,489	1,801,713	15,472	2,903,856
Contract services and operating expenditures	2,183,482	20,171	2,022,951	12,306,711	3,732,345	20,265,660
Capital outlay	1,945,596	-	8,216,679	36,686,097	2,292,896	49,141,268
Debt service:						
Interest	-	1,274	496,705	1,667,491	794,285	2,959,755
Total expenditures	4,875,255	21,445	11,500,195	53,768,891	6,857,563	77,023,349
Deficiency of revenues under expenditures	(3,193,390)	(19,943)	(10,370,702)	(52,354,734)	(6,299,367)	(72,238,136)
Other financing sources (uses):						
Transfers in	905,057	-	455,124	2,356,050	1,796,672	5,512,903
Transfers out	(125,075)	-	-	-	-	(125,075)
Total other financing sources (uses)	779,982	-	455,124	2,356,050	1,796,672	5,387,828
Net change in fund balances	(2,413,408)	(19,943)	(9,915,578)	(49,998,684)	(4,502,695)	(66,850,308)
Fund balances, July 1, 2017	4,144,420	52,229	46,083,920	88,874,800	40,510,762	179,666,131
Fund balances, June 30, 2018	$ 1,731,012	$ 32,286	$ 36,168,342	$ 38,876,116	$ 36,008,067	$112,815,823

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT BODY FUND
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Elementary Schools				
Assets:				
Cash in County Treasury	$ 336,261	$ 909,965	$ 930,578	$ 315,648
Cash on hand and in banks	-	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	$ 336,261	$ 909,965	$ 930,578	$ 315,648
Liabilities:				
Due to student groups	$ 336,261	$ 909,965	$ 930,578	$ 315,648
Middle Schools				
Assets:				
Cash in County Treasury	$ 410,164	$ 1,030,155	$ 1,094,484	$ 345,835
Cash on hand and in banks	-	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	$ 410,164	$ 1,030,155	$ 1,094,484	$ 345,835
Liabilities:				
Due to student groups	$ 410,164	$ 1,030,155	$ 1,094,484	$ 345,835
Special Programs				
Assets:				
Cash in County Treasury	$ 30,914	$ 8,179	$ 10,353	$ 28,740
Cash on hand and in banks	-	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	$ 30,914	$ 8,179	$ 10,353	$ 28,740
Liabilities:				
Due to student groups	$ 30,914	$ 8,179	$ 10,353	$ 28,740

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT BODY FUND
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
High Schools				
Assets:				
Cash in County Treasury	$ 1,359,830	$ 4,777,127	$ 4,824,083	$ 1,312,874
Cash on hand and in banks	110	330	440	-
Prepaid expenditures	700	-	600	100
Total assets	$ 1,360,640	$ 4,777,457	$ 4,825,123	$ 1,312,974
Liabilities:				
Due to student groups	$ 1,360,640	$ 4,777,457	$ 4,825,123	$ 1,312,974
Total - Agency Fund - Student Body Fund				
Assets:				
Cash in County Treasury	$ 2,137,169	$ 6,725,426	$ 6,859,498	$ 2,003,097
Cash on hand and in banks	110	330	440	-
Prepaid expenditures	700	-	600	100
Total assets	$ 2,137,979	$ 6,725,756	$ 6,860,538	$ 2,003,197
Liabilities:				
Due to student groups	$ 2,137,979	$ 6,725,756	$ 6,860,538	$ 2,003,197

San Juan Unified School District, a political subdivision of the State of California, was established on July 1, 1960. San Juan Unified School District operates a preschool center, 33 elementary schools, 8 K-8 grade schools, 8 junior high schools, 9 high schools, 1 continuation school, 1 independent study school, 1 adult education school, 3 special education schools and 2 charter schools. All of the District's schools are located in Sacramento County. There have been no changes in the District's boundaries as of June 30, 2018.

BOARD OF EDUCATION

Name	Office	Term Expires
Pam Costa	President	December 2020
Saul Hernandez	Vice President	December 2020
Paula Villescaz	Clerk	December 2020
Greg Paulo	Member	December 2018
Michael McKibbin, Ed.D.	Member	December 2018

ADMINISTRATION

Kent Kern
Superintendent of Schools

Donna O'Neil, Ed.D.
Associate Superintendent, Schools and Student Support

Kent Stephens,
Chief Financial Officer

Linda C.T. Simlick, J.D.
General Counsel

Paul Oropallo
Assistant Superintendent, Human Resources

Debra Calvin, Ed.D.
Assistant Superintendent, Educational Services

Melissa Bassanelli
Assistant Superintendent, Elementary Education

Rick Messer
Assistant Superintendent, Secondary Education

Jim Shoemake
Assistant Superintendent, Schools and Labor Relations

Trent Allen, APR
Senior Director, Community Relations

Frank Camarda
Senior Director, Facilities, Maintenance, and Transportation

Jon Cornelison
Senior Director, Technology

	Second Period Report	Audited Second Period Report	Annual Report
DISTRICT			
Certificate number	F2400680	4E404D82	E08F021C
Elementary:			
Transitional Kindergarten through Third	11,271	11,271	11,288
Fourth through Sixth	8,884	8,884	8,873
Seventh and Eighth	5,786	5,786	5,780
Subtotal Elementary	25,941	25,941	25,941
Secondary:			
Ninth through Twelfth	11,723	11,725	11,572
District Totals	37,664	37,666	37,513
CHARTER SCHOOLS			
Certificate number	2F0B9B31	50F5BB5E	A24D2AA1
Visions in Education (Nonclassroom-Based):			
Transitional Kindergarten through Third	1,344	1,344	1,349
Fourth through Sixth	850	857	863
Seventh and Eighth	685	685	685
Ninth through Twelfth	2,363	2,363	2,331
Subtotal Visions in Education	5,242	5,249	5,228
Certificate number		D02BF871	E4A82B6F
Choices (Nonclassroom-Based):			
Fourth through Sixth	*	13	16
Seventh through Eighth		57	57
Ninth through Twelfth		192	193
Subtotal Choices		262	266
Charter School Totals		5,504	5,494

* Choices Charter School did not revise the Second Period Reports of Attendance.

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2018

Grade Level	Statutory Minutes Require-ment	2017-18 Actual Minutes	Number of Days Traditional Calendar	Status
DISTRICT				
Kindergarten	36,000	36,000	180	In compliance
Grade 1	50,400	53,145	180	In compliance
Grade 2	50,400	53,145	180	In compliance
Grade 3	50,400	53,160	180	In compliance
Grade 4	54,000	54,080	180	In compliance
Grade 5	54,000	54,080	180	In compliance
Grade 6	54,000	54,315	180	In compliance
Grade 7	54,000	55,745	180	In compliance
Grade 8	54,000	55,745	180	In compliance
Grade 9	64,800	64,800	180	In compliance
Grade 10	64,800	64,800	180	In compliance
Grade 11	64,800	64,800	180	In compliance
Grade 12	64,800	64,800	180	In compliance

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department of Education - Passed through California Department of Education		
	ESEA: Title I Programs:		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	$ 12,755,198
84.010	ESEA: Title I, Part D, Subpart 2, Local Delinquent Programs	14357	84,431
	Subtotal ESEA: Title I Programs		12,839,629
	Vocational Programs:		
84.048	Vocational Programs: Vocational & Applied Technology Secondary II C, Section 131 (Carl Perkins Act)	14894	356,886
84.048	Vocational Programs: Postsecondary and Adult IIC, Section 132 (Carl Perkins Act)	14893	9,470
	Subtotal Vocational Programs		366,356
	Special Education IDEA Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	6,658,357
84.027A	Special Education: IDEA Preschool Local Entitlement, Part B, Section 611	13682	989,788
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Early Intervening Services	10119	1,286,505
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Private School ISPs	10115	23,300
84.027	Special Education: IDEA Mental Health ADA, Part B, Section 611	15197	516,103
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619 (Ages 3-4-5)	13430	366,136
84.173A	Special Education: IDEA Preschool Staff Development Part B, Section 619	13431	5,201
84.173	Special Education: IDEA Part B, Section 619, Preschool Grants Early Intervening Services	10131	25,516
84.027	Special Education: IDEA Part B, Section 611, Preschool Local Entitlement Early Intervening Services (17-18)	10132	109,726
84.173A	Special Education: Alternative Dispute Resolution Part B, Section 611	13007	12,762
	Subtotal Special Education IDEA Cluster		9,993,394
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	222,758
84.002	Adult Education: Adult Secondary Education	13978	74,159
84.002A	Adult Education: English Literacy & Civics Education	14109	54,288
	Subtotal Adult Education Programs		351,205

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
	ESEA Title III Programs:		
84.365	ESEA: Title III, Immigrant Ed Program	15146	$ 203,018
84.365	ESEA: Title III, Limited English Proficiency	14346	570,280
	Subtotal ESEA Title III Programs		773,298
84.181	Special Education: IDEA Early Intervention Grants, Part C	23761	162,284
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	77,931
84.323	Special Education, State Improvement Grant	14913	3,592
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	731,818
84.060	Indian Education	10011	37,344
84.367	ESEA: Title II, Part A, Teacher Quality	14341	1,747,594
84.366	ESEA: Title II, Part B, Math & Science Partnership	14512	24,641
84.330	ESEA: Title I, Part G: Advanced Placement Test Fee	-	6,680
84.196	ESEA: Title X, McKinney-Vento Homeless Children Assistance Grants	14332	150,029
	Total U.S. Department of Education		27,265,795
	U.S. Department of Health and Human Services - Passed through California Department of Education		
	Head Start Programs:		
93.600	Head Start	10016	5,262,813
93.600	Early Head Start	15291	1,774,808
	Subtotal Head Start Programs		7,037,621
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	978,973
93.596	Child Development: Federal General and State Preschool, Family Child Care - CCDF Cluster	13609	1,898,815
	Total U.S. Department of Health and Human Services		9,915,409
	U.S. Department of Agriculture - Passed through California Department of Education		
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13396	11,154,396
10.558	Child and Adult Care Food Program	13393	579,968
	Total U.S. Department of Agriculture		11,734,364
	Total Federal Programs		$ 48,915,568

See accompanying notes to supplementary information.

There were no adjustments proposed to any funds of the District.

SAN JUAN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2018
(UNAUDITED)

	(Budgeted) 2019	2018	2017	2016
General Fund				
Revenues and other financing sources	$461,831,653	$437,544,295	$427,304,123	$428,963,888
Expenditures	473,773,267	440,360,826	424,639,105	391,900,437
Other uses and transfers out	2,178,772	2,224,570	3,077,938	10,107,160
Total outgo	475,952,039	442,585,396	427,717,043	402,007,597
Change in fund balance	$ (14,120,386)	$ (5,041,101)	$ (412,920)	$ 26,956,291
Ending fund balance	$ 63,408,015	$ 77,528,401	$ 82,569,502	$ 82,982,422
Restricted fund balance	$ 17,686,661	$ 31,337,236	$ 36,405,041	$ 40,919,760
Assigned fund balance	$ 4,184,579	$ 9,045,779	$ 9,506,152	$ 6,752,002
Available reserves	$ 41,036,774	$ 36,043,324	$ 35,532,175	$ 34,544,832
Designated for economic uncertainties	$ 9,520,000	$ 9,000,000	$ 9,000,000	$ 8,375,000
Undesignated fund balance	$ 31,516,774	$ 27,043,324	$ 26,532,175	$ 26,169,832
Available reserves as percentages of total outgo	9.30%	8.14%	8.31%	8.59%
All Funds				
Total long-term liabilities	$1,097,794,813	$1,171,146,711	$1,046,776,115	$ 852,105,034
Average daily attendance at P-2 excluding charters	37,729	37,666	37,672	37,863

The General Fund fund balance has increased by $21,502,270 over the past three years. The fiscal year 2018-2019 budget projects a decrease of $14,120,386. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2018, the District has met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates an operating deficit in fiscal year 2018-2019.

Total long-term liabilities have increased by $319,041,677 over the past two years.

Average daily attendance has decreased by 197 over the past two years. An increase of 63 ADA (excluding charters) is projected for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2018

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0275 Choices Charter School	Included in District Financial Statements as Charter Schools Fund
0248 Visions in Education Charter School	Included in District Financial Statements as Charter Schools Fund
1554 Aspire Alexander Twilight College Preparatory Academy	Separate Report
1555 Aspire Alexander Twilight College Secondary Academy	Separate Report
0776 California Montessori Project - San Juan Campus	Separate Report
1563 Gateway International	Separate Report
1728 Golden Valley Orchard	Separate Report
0946 Golden Valley River	Separate Report
1804 Atkinson Academy Charter	Separate Report
0217 Options for Youth - San Juan	Separate Report

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - RESTRICTED AND UNRESTRICTED
GENERAL FUND
For the Year Ended June 30, 2018

	Restricted			Unrestricted			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Local control funding formula:									
State apportionment	$ -	$ -	$ -	$ 228,852,323	$ 228,852,323	$ -	$ 228,852,323	$ 228,852,323	$ -
Local sources	-	-	-	103,252,933	103,252,933	-	103,252,933	103,252,933	-
Total LCFF	-	-	-	332,105,256	332,105,256	-	332,105,256	332,105,256	-
Federal sources	32,147,397	28,003,228	(4,144,169)	6,679	6,679	-	32,154,076	28,009,907	(4,144,169)
Other state sources	52,594,063	51,003,038	(1,591,025)	13,282,879	13,246,730	(36,149)	65,876,942	64,249,768	(1,627,174)
Other local sources	8,928,387	8,452,795	(475,592)	3,209,828	3,226,543	16,715	12,138,215	11,679,338	(458,877)
Total revenues	93,669,847	87,459,061	(6,210,786)	348,604,642	348,585,208	(19,434)	442,274,489	436,044,269	(6,230,220)
Expenditures									
Current:									
Certificated salaries	42,087,831	41,731,072	356,759	158,104,039	157,048,608	1,055,431	200,191,870	198,779,680	1,412,190
Classified salaries	28,552,696	28,148,581	404,115	41,706,624	41,297,774	408,850	70,259,320	69,446,355	812,965
Employee benefits	47,164,052	46,795,587	368,465	78,452,848	78,129,432	323,416	125,616,900	124,925,019	691,881
Books and supplies	23,232,444	13,297,872	9,934,572	7,053,658	6,996,610	57,048	30,286,102	20,294,482	9,991,620
Contract services and operating expenditures	11,454,917	9,462,846	1,992,071	17,590,433	16,561,216	1,029,217	29,045,350	26,024,062	3,021,288
Other outgo	4,167,321	4,030,929	136,392	(3,811,081)	(3,642,365)	(168,716)	356,240	388,564	(32,324)
Capital outlay	495,249	62,603	432,646	72,416	72,416	-	567,665	135,019	432,646
Debt service:									
Principal retirement	56,272	61,355	(5,083)	258,941	253,858	5,083	315,213	315,213	-
Interest	11,372	6,289	5,083	41,060	46,143	(5,083)	52,432	52,432	-
Total expenditures	157,222,154	143,597,134	13,625,020	299,468,938	296,763,692	2,705,246	456,691,092	440,360,826	16,330,266
(Deficiency) excess of revenues (under) over expenditures	(63,552,307)	(56,138,073)	7,414,234	49,135,704	51,821,516	2,685,812	(14,416,603)	(4,316,557)	10,100,046
Other financing sources (uses):									
Transfers in	-	-	-	1,534,527	1,500,026	(34,501)	1,534,527	1,500,026	(34,501)
Transfers out	(2,019,059)	(2,019,059)	-	(205,511)	(205,511)	-	(2,224,570)	(2,224,570)	-
Contributions from unrestricted	52,924,667	52,924,667	-	(52,924,667)	(52,924,667)	-	-	-	-
Total other financing sources (uses)	50,905,608	50,905,608	-	(51,595,651)	(51,630,152)	(34,501)	(690,043)	(724,544)	(34,501)
Net change in fund balance	(12,646,699)	(5,232,465)	7,414,234	(2,459,947)	191,364	2,651,311	(15,106,646)	(5,041,101)	10,065,545
Fund balance, July 1, 2017	37,210,667	37,210,667	-	45,358,835	45,358,835	-	82,569,502	82,569,502	-
Fund balance, June 30, 2018	$ 24,563,968	$ 31,978,202	$ 7,414,234	$ 42,898,888	$ 45,550,199	$ 2,651,311	$ 67,462,856	$ 77,528,401	$ 10,065,545

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENSES
For the Year Ended June 30, 2018

	First 5/ School Readiness	All Other Programs	Total Child Development Fund
Revenues			
Federal sources	$ -	$ 9,516,404	$ 9,516,404
Other state sources	-	4,135,806	4,135,806
Other local sources	523,694	5,985,876	6,509,570
Total Revenues	523,694	19,638,086	20,161,780
Expenditures:			
Current:			
Certificated salaries	145,443	6,816,176	6,961,619
Classified salaries	160,392	3,978,950	4,139,342
Employee benefits	150,030	5,677,619	5,827,649
Books and supplies	35,150	1,498,325	1,533,475
Contract services and operating expenditures	11,137	278,795	289,932
Total expenditures	502,152	18,249,865	18,752,017
Excess of revenues over expenditures	21,542	1,388,221	1,409,763
Other financing uses:			
Transfers out	(21,542)	(647,339)	(668,881)
Net change in fund balances	-	740,882	740,882
Fund balances, July 1, 2017	-	1,142,530	1,142,530
Fund balances, July 1, 2018	$ -	$ 1,883,412	$ 1,883,412

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A -Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of San Juan Unified School District, and is presented on the 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). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 49,041,382
Less:		
Medi-Cal Billing Option received in excess of expenditures	93.778	(125,814)
Total Schedule of Expenditure of Federal Awards		$ 48,915,568

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - Schedule of Financial Trends and Analysis - (Unaudited)

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office. The information on this schedule has been derived from audited information.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

G - Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - Restricted and Unrestricted - General Fund

This schedule is presented by the District to separate budget variances due to categorical deferred revenue included in restricted fund balance of the General Fund.

H - Schedule of First 5 Revenues and Expenses

This schedule provides revenues and expenses for the First 5 Sacramento County Program.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt such a program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Audit Committee
San Juan Unified School District
Carmichael, California

Report on Compliance with State Laws and Regulations

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
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 and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	No, see below
Nonclassroom Based Instruction/Independent Study, for charter schools	Yes
Determination of Funding for Nonclassroom Based Instruction, for charter schools	Yes
Annual Instructional Minutes Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

The District's reported ADA for Continuation Education was below the materiality level that requires testing; therefore, we did not perform any testing of Continuation Education ADA.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to this program.

The District does not have any Juvenile Court Schools, therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools, therefore, we did not perform any procedures related to Middle or Early College High Schools.

The District did not offer Apprenticeship: Related and Supplemental Instruction, therefore we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District did not offer a Before School Education and Safety Program; therefore, we did not perform any procedures relating to the Before School Education and Safety Program.

The District did not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to this program.

The District does not operate a classroom-based Charter School; therefore, we did not perform any procedures relating to Mode of Instruction, for charter schools or Annual Instructional Minutes - Classroom-Based, for charter schools.

The District did not receive Charter School Facility Grant funding in the current year; therefore, we did not perform any procedures relating to the Charter School Facility Grant.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on San Juan Unified School District's compliance with state laws and regulations as listed above 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 *2017-18 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on San Juan Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about San Juan 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 with state laws and regulations. However, our audit does not provide a legal determination of San Juan Unified School District's compliance.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2018-002 and 2018-003 in the accompanying Schedule of Audit Findings and Questioned Costs, San Juan Unified School District did not comply with requirements regarding Attendance Reporting and Unduplicated Pupil Counts. Compliance with such requirements is necessary, in our opinion, for San Juan Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Attendance Reporting and Unduplicated Pupil Counts.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, San Juan Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

Other Matter

San Juan Unified School District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. San Juan Unified School District's responses were not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

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*

Audit Committee
San Juan Unified School District
Carmichael, 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 San Juan Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise San Juan Unified School District's basic financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Juan 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 San Juan Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Juan Unified School District's internal control.

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

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

We did identify a deficiency in internal control that we communicated to management as described in the accompanying Schedule of Audit Findings and Questioned Costs as finding 2018-001.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Juan Unified School District's financial statements are free of 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*.

Other Matter

San Juan Unified School District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. San Juan Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE FIRST 5 SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Audit Committee
San Juan Unified School District
Carmichael, California

Report on Compliance

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to the First 5 Sacramento County Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for San Juan Unified School District's First 5 Sacramento County Program 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. Those standards 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 First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about San Juan 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. However, our audit does not provide a legal determination on San Juan Unified School District's compliance.

Opinion on First 5 Sacramento County Program

In our opinion, San Juan Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

Management of San Juan 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 San Juan Unified School District's internal control over compliance with requirements that could have a direct and material effect on its First 5 Sacramento County Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the First 5 Sacramento County Program and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program Guidelines, 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 San Juan 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 the First 5 Sacramento County Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of he First 5 Sacramento County 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 the First 5 Sacramento County 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 First 5 Sacramento County Program Guidelines. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Audit Committee
San Juan Unified School District
Carmichael, California

Report on Compliance for Each Major Federal Program

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Juan Unified School District's major federal programs for the year ended June 30, 2018. San Juan 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 federal statues, 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 San Juan 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 San Juan 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 San Juan Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, San Juan 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.

(Continued)

Report on Internal Control Over Compliance

Management of San Juan 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 San Juan 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 San Juan Unified School District's internal control over compliance.

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

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

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	__x__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	__x__ None reported
Noncompliance material to financial statements noted?	______ Yes	__x__ No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	__x__ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	__x__ None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	__x__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,467,467	
Auditee qualified as low-risk auditee?	__x__ Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 DEFICIENCY - INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000)

Criteria

Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

Condition

Pershing Elementary School:
- The secretary does not maintain a record of receipts books issued to different teachers.

Rio Americano High School:
- There is no inventory count of student store inventories.
- Revenue-producing activities are not consistently approved prior to the activity taking place.
- The secretary does not maintain a record of receipt books issued to various clubs.

Carnegie Middle School:
- Revenue-producing activities are not consistently approved prior to the activity taking place.
- Student council does not consistently document in meeting minutes approval of purchases

Effect

There exists a risk that ASB funds could potentially be misappropriated.

Cause

Established internal controls have not been followed.

Fiscal Impact

Not determinable.

Recommendation

School sites should implement the proper control procedures in order to protect ASB funds from misappropriation.

Views of Responsible Officials and Planned Corrective Action

A list of common audit findings was published in "Leadership Reflections" to remind principals and secretaries of things to be aware of and to implement proper control procedures. For the sites listed above, the principals and secretaries were informed of the findings and have implemented the proper procedures related to their findings.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-002 - DEFICIENCY - STATE COMPLIANCE - ATTENDANCE REPORTING (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b), and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support attendance reported to the State.

Condition

At Trajan Elementary School one student was improperly included for a total misstatement of 1 day.

At Dyer-Kelley Elementary School one student was improperly included for a total misstatement of 1 day.

Effect

The effect of this finding is an overstatement of 0.01 ADA in the kindergarten through third grade span.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

No fiscal impact as the effect is less than 0.5 ADA.

Recommendation

The District should ensure attendance records are accurately recorded

Views of Responsible Officials and Planned Corrective Action

An article was published in "Leadership Reflections" regarding reminders on proper attendance postings. For the sites listed above, the attendance clerks were informed of the audit findings and were reminded to be more cautious and careful when posting attendance to ensure all communicated absences are being posted accurately.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

2018-003 DEFICIENCY – STATE COMPLIANCE - UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

A student is classified as an Free and Reduced-Price Meal (FRPM) for LCFF purposes if he or she meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP).

Condition

Out of the 13 students selected for FRPM testing, 1 student listed on the 1.17 Report as FRPM-eligible, District could not provide documentation to support the classification of FRPM-eligible.

Effect

The effect of this finding is an extrapolated 9 students overreported for CalPads.

	Enrollment	Free & Reduced Price Meal (FRPM)	English Learners (ELAS)	Both FRPM & ELAS
Rio Americano High School				
As certified on CalPADS	1,820	433	54	442
Audit Adjustments	-	(9)	-	-
Adjusted counts	1,820	424	54	442
District Wide				
As certified on CalPADS	40,067	21,656	5,334	22,258
Audit Adjustments	-	(9)	-	-
Adjusted counts	40,067	21,647	5,334	22,258

Cause

The errors were the result of incomplete documentation for the designation of students as FRPM.

Fiscal Impact

The effect of the error is a reduction on the District's unduplicated Pupil Percentage from 53.12% to 53.11%, representing a reduction in Local Control Funding Formula funding of approximately $2,600.

Recommendation

The District should ensure that all appropriate documentation is retained and updated for all FRPM students included in the CalPADS 1.17 reports.

Views of Responsible Officials and Planned Corrective Actions

The departments involved will continue to verify that data is being transferred accurately into CalPads and randomly review the FRPM students in the district’s E-trition system and CalPads to ensure the student’s eligibility is correct.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2017-001 Condition *Greer Elementary School*: Receipts were not issued to teachers when funds were turned into the secretary. *Coyle Elementary School*: • There was no indication that a fundraiser was approved by the Principal. • There were no detailed schedules defining the number of items receipted and the unit price per item in the receipt for the fundraiser sales. *Starr King K-8 School*: Receipts were not issued to teachers when funds were turned into the secretary *Barrett Middle School*: • There was no indication of approval by the Principal for a fundraiser. • Receipts were not issued to teachers when funds are turned into the secretary. *Casa Roble High School:* • A log for sub receipt books issued not updated and maintained. • Fundraiser forms were not provided, therefore no evidence of approval by Principal. • Student Council minutes could not be provided to support approval of purchases. Recommendation: School sites should implement the proper control procedures in order to protect ASB funds from misappropriation.	Partially implemented.	See current year finding 2018-001.

(Continued)

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2017-002 Condition At Greer Elementary School one student was improperly included for a total misstatement of 1 day. At Howe Avenue Elementary School one student was improperly included for a total misstatement of 1 day. At Kingswood School two students were improperly included for a total misstatement of 2 days. Recommendation: The District should ensure attendance records are correct.	Not implemented.	See current year finding 2018-002.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
San Juan Unified School District
Carmichael, California

San Juan Unified School District
(Sacramento County, California)

$150,000,000 General Obligation Bonds, Election of 2012, Series 2019	$80,000,000 General Obligation Bonds, Election of 2016, Series 2019

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Juan Unified School District (the "District"), which is located in the County of Sacramento, California (the "County"), in connection with the issuance by the District of $150,000,000 aggregate principal amount of bonds designated as "San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2019" (the "2012 Bonds"), and $80,000,000 aggregate principal amount of bonds designated as "San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2019" (the "2016 Bonds" and, together with the 2012 Bonds, the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on December 11, 2018 (the "District Resolution"). The Bonds are issued pursuant to a Paying Agent Agreement dated as of January 1, 2019 (the "Paying Agent Agreement") between the District and the County (the "Paying Agent"). The Board of Supervisors of the County authorized the District to issue and sell the Bonds on its own behalf by a resolution adopted on December 11, 2018 (the "County Resolution"). Capitalized terms used but not defined herein have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the County Resolution, the Paying Agent Agreement, the Tax Certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate"), dated as of January 22, 2019, is executed and delivered by the San Juan Unified School District (the "District") in connection with the issuance of $150,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2019 (the "2012 Bonds"), and $80,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2019 (the "2016 Bonds" and, together with the 2012 Bonds, the "Bonds"). The Bonds are being issued pursuant to a resolution (the "District Resolution") adopted by the Board of Education of the District on December 11, 2018, and in accordance with the terms of a Paying Agent Agreement, dated as of January 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County of Sacramento, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter" shall mean any of the underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2018, provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(b) The District's approved annual budget for the then-current fiscal year; and

(c) Assessed value of taxable property in the District as shown on the most recent equalized assessment role.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds, if any;

5. Non-payment related defaults;

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

7. Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing notice of the Listed Event described in subsections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 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(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: January 22, 2019

SAN JUAN UNIFIED SCHOOL DISTRICT

By ______________________________________
Deputy Superintendent

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	SAN JUAN UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	SAN JUAN UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2012, SERIES 2019
	SAN JUAN UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2019
Date of Issuance:	January 22, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by ____________.]

Dated: _______________

SAN JUAN UNIFIED SCHOOL DISTRICT

By ____________[to be signed only if filed]___________

APPENDIX F

COUNTY OF SACRAMENTO
INVESTMENT POLICIES AND PRACTICES
AND INVESTMENT POOL QUARTERLY REPORT

The following information has been furnished by the Director of Finance, County of Sacramento. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, 700 H. Street, Suite 1710, Sacramento, California 95814.

The Board of Supervisors (the "Board") of the County last adopted an investment policy (the "County Investment Policy") in December 2018. State law requires the Board to approve any changes to the investment policy.

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

Approved by the
Sacramento County Board of Supervisors

December 4, 2018
Resolution No. 2018-0839

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

I. Authority

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

II. Policy Statement

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

III. Standard of Care

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

IV. Investment Objectives

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

A. Safety of Principal

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

B. Liquidity

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

C. Public Trust

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

D. Maximum Rate of Return

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

V. Pooled Investment Fund Investors

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

VI. Implementation

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

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

VII. Internal Controls

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

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

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

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

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

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

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

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

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

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

VIII. Sacramento County Treasury Oversight Committee

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

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

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

IX. Investment Parameters

A. Investable Funds

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

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

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

B. Authorized Investments

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

C. Prohibited Investments

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

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

D. Credit Requirements

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

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	<u>Banks</u> — FDIC Insurance Coverage <u>Credit Unions</u> — NCUSIF Insurance Coverage Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.
Over the FDIC- or NCUSIF-insured limit to $10 million	(Any 2 of 3 ratings) S&P: A-2 Moody's: P-2 Fitch: F-2 Collateral is required OR Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.

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

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

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

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

E. Maximum Maturities

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

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

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

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

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

F. Maximum Concentrations

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

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

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

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

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

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

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

G. Repurchase Agreements

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

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

H. Community Reinvestment Act Program

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

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

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

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

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

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

J. Investment Guidelines, Management Style and Strategy

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

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

K. Approved Lists

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

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

L. Calculation of Yield and Costs

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

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

X. Reviewing, Monitoring and Reporting of the Portfolio

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

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

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

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

XI. Withdrawal Requests for Pooled Fund Investors

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

XII. Limits on Honoraria, Gifts, and Gratuities

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

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

XIII. Terms and Conditions for Outside Investors

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

Appendix A

Comparison and Interpretation of Credit Ratings

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

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

Appendix A

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

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

Appendix A

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

Quarterly Pooled Investment Fund Report

As Prescribed By
California Government Code Section 53646

For The Quarter Ended September 30, 2018

Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2018 Investment Policy during the quarter ended September 30, 2018.

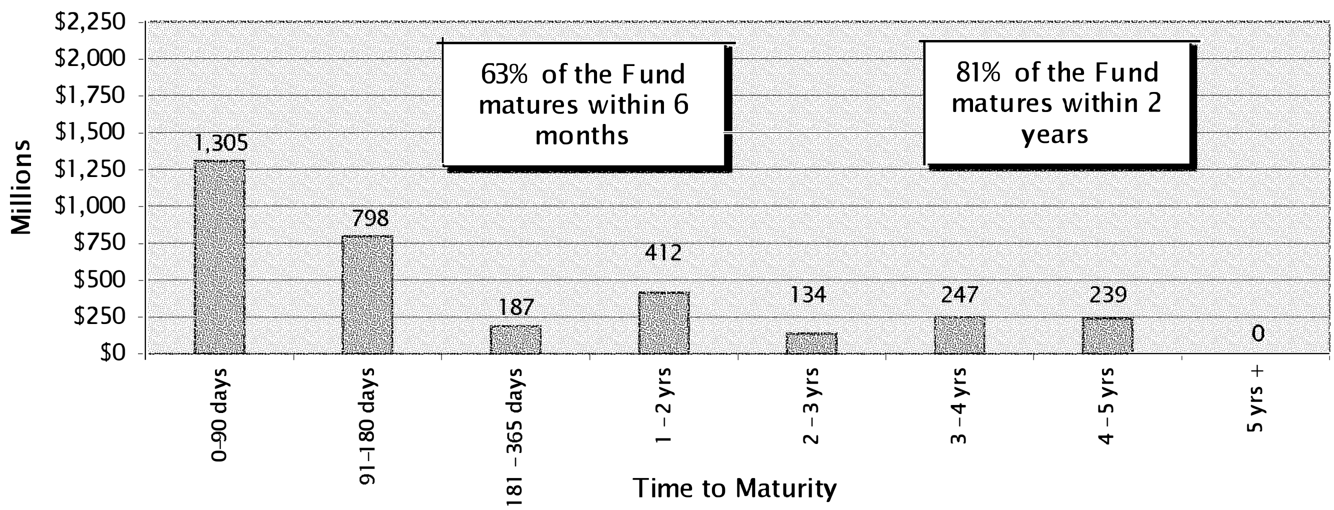
Portfolio Statistics	Quarter Ended 06/30/18	Quarter Ended 09/30/18
Average Daily Balance	$4,015,819,877	$3,419,296,334
Period-End Balance	$4,029,757,939	$3,320,229,433
Earned Interest Yield	1.865%	2.064%
Weighted Average Maturity	309 Days	371 Days
Duration in Years	0.823	0.988
Amortized Book Value	$4,028,821,206	$3,319,644,597
Market Value	$4,018,101,484	$3,302,805,746
Percent of Market to Cost	99.73%	99.49%

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

Portfolio Structure as of September 30, 2018[1]

Investment Description	Percentage of Portfolio at Cost 06/30/18	Percentage of Portfolio at Cost 09/30/18	Percentage of Portfolio at Market 09/30/18	Earned Interest Yield at 09/30/18
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes	25.31%	31.60%	31.31%	1.819%
Notes/Discount Notes FFCB	7.67%	7.37%	7.30%	1.621%
Notes/Discount Notes FHLB	11.08%	16.57%	16.48%	1.919%
Notes/Discount Notes FNMA	4.95%	5.71%	5.59%	1.812%
Notes/Discount Notes FHLMC	1.61%	1.96%	1.93%	1.745%
US Treasury Notes	0.98%	3.15%	3.18%	1.944%
Municipal Notes	0.54%	0.50%	0.50%	1.865%
Total USATM	26.83%	35.25%	34.99%	1.831%
Repurchase Agreements	0.00%	0.00%	0.00%	0.000%
Supranationals	15.68%	16.35%	16.24%	2.297%
Commercial Paper	28.46%	20.39%	20.61%	2.298%
Certificates of Deposit	27.42%	26.05%	26.19%	2.274%
LAIF	1.61%	1.96%	1.97%	1.998%
Money Market Accounts	0.00%	0.00%	0.00%	0.00%

POOLED INVESTMENT FUND MATURITIES AS OF SEPTEMBER 30, 2018
$3.320 Billion



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

Projected Cash Flow

Based upon our cash flow model projection dated October 11, 2018, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
Dollar amounts represented in millions						
Oct	20.0	$1,373.4	$827.1	$546.3	$45.0	$501.3
Nov	20.0	$1,329.4	$786.1	$543.3	$45.0	$498.3
Dec	20.0	$1,525.7	$780.9	$744.8	$45.0	$699.8
Jan	20.0	$1,148.2	$946.4	$201.8	$45.0	$156.8
Feb	20.0	$944.4	$705.6	$238.8	$45.0	$193.8
Mar	20.0	$859.6	$646.5	$213.1	$45.0	$168.1
Apr	20.0	$1,120.2	$753.6	$366.6	$45.0	$321.6
May	20.0	$687.4	$905.4	($218.0)	$45.0	($263.0)
Jun	20.0	$768.6	$638.2	$130.4	$45.0	$85.4
Jul	20.0	$553.3	$1,262.9	($709.6)	$45.0	($754.6)
Aug	20.0	$536.8	$676.3	($139.5)	$45.0	($184.5)
Sep	20.0	$762.0	$687.8	$74.2	$45.0	$29.2

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

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of September 30, 2018, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at September 30, 2018:

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

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

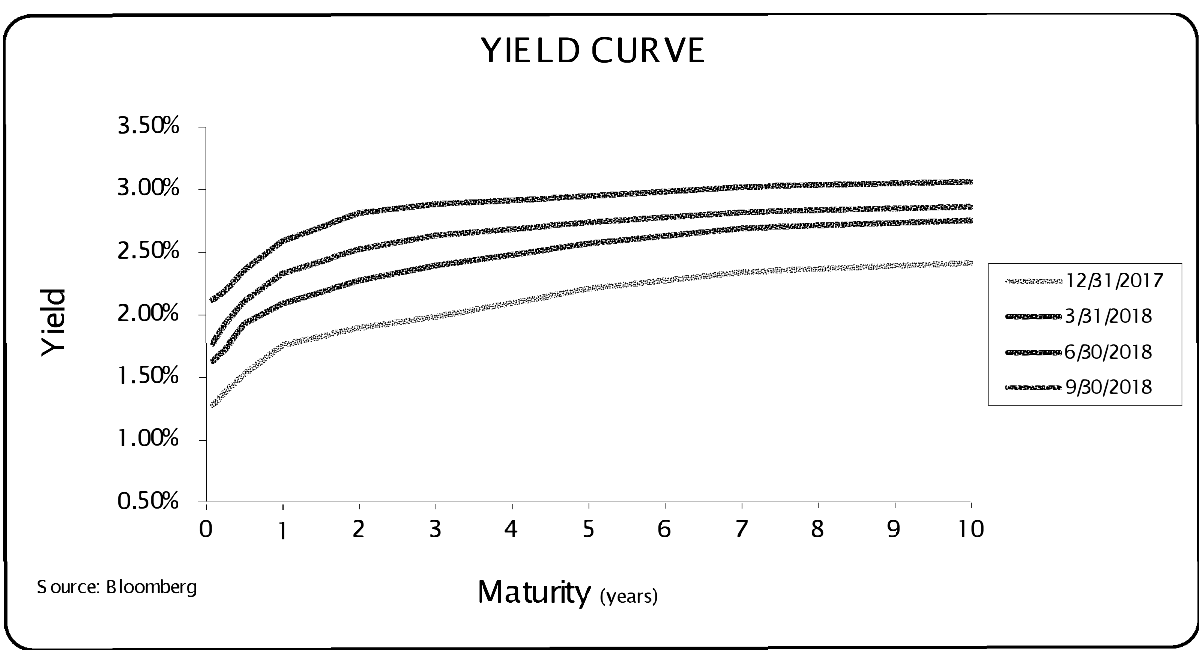
THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

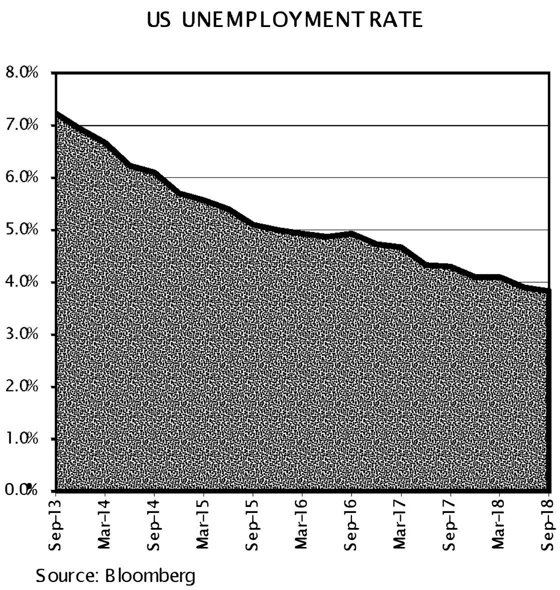
Financial Markets Commentary

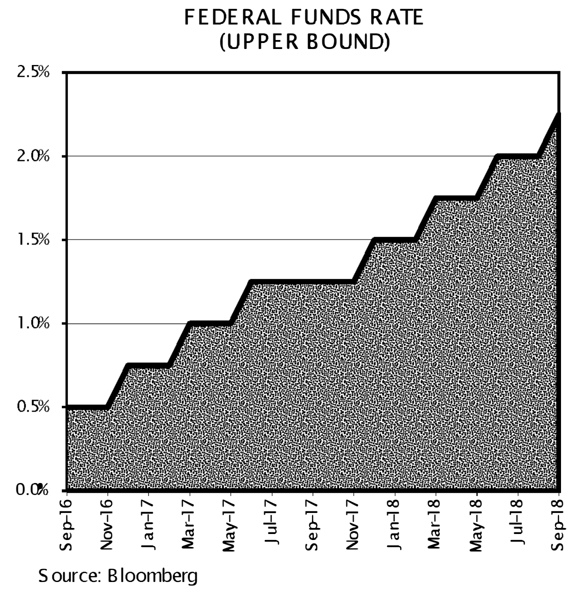
On September 26, 2018, the Federal Open Market Committee (FOMC) voted unanimously to increase the overnight federal funds rate by 25 basis points to a range of 2.00% to 2.25%. It is the highest fed funds rate since October 2008 during the height of the Great Recession. The FOMC projects one more quarter-percentage point rate hike in December 2018, three quarter-point rate hikes in 2019 and one more hike in 2020. Policy makers believe the neutral rate for a balanced economy is somewhere between 3.00% to 3.50%.

The FOMC increased its GDP growth projections for both 2018 and 2019. If these projections hold, the current economic growth cycle will extend beyond 10 years and become the longest on record by the middle of next year. The labor markets continue to show signs of strength with the unemployment rate at 3.7% in September, near its 49-year low. The Fed's inflation forecast was slightly lowered but still at 2.0%, high enough for the Fed to continue their tightening of interest rates.

US Treasury yields across the yield curve have moved higher over the past few weeks. As of this writing, the 10-year US Treasury note is at a 7-year high of 3.15%. The 5-year US Treasury note is above 3% for the first time in a decade. President Trump has expressed his dismay at the Federal Reserve and it's tightening of monetary policy because of the recent selloff in the equity markets. But so far Federal Reserve chair Powell has ignored President Trump's rantings and reiterated the Federal Reserve's commitment to its dual mandate of full employment and price stability. We expect the yield on the Pooled Investment Fund to continue to rise over the next several quarters.







Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for February 2019. We are purchasing two- and five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the "CORE" portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 2.20% and 2.30%.

Respectfully submitted,	Concur,
Bernard Santo Domingo	Ben Lamera
Chief Investment Officer	Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: October 18, 2018

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
US TREAS BILL (170)	912796QB8	4/19/2018	10/4/2018	1.915%	1.932%	40,000,000.00	39,642,533.33	39,995,920.00	SUNGARD	0.011
US TREAS BILL (260)	912796QB8	9/28/2018	10/4/2018	1.950%	1.951%	65,000,000.00	64,978,875.00	64,993,370.00	SUNGARD	0.011
TOTAL TREASURY BILLS				1.937%	1.944%	105,000,000.00	104,621,408.33	104,989,290.00		0.011
						3.15%	3.15%	3.18%		
VR-SAC COUNTY 14-15		12/9/2014	8/1/2019	1.865%	1.865%	1,568,914.93	1,568,914.93	1,568,914.93	BOOK	0.835
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	1.865%	1.865%	2,693,218.33	2,693,218.33	2,693,218.33	BOOK	1.837
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	1.865%	1.865%	4,117,886.54	4,117,886.54	4,117,886.54	BOOK	2.813
VR-SAC COUNTY 17-18		11/14/2017	8/1/2022	1.865%	1.865%	8,146,206.66	8,146,206.66	8,146,206.66	BOOK	3.762
TOTAL VARIABLE RATE(MUNI)QUARTERLY				1.865%	1.865%	16,526,226.46	16,526,226.46	16,526,226.46		2.934
						0.50%	0.50%	0.50%		
FFCB NOTE (170)	3133EGJ48	11/16/2016	11/16/2018	0.890%	0.982%	25,000,000.00	24,954,500.00	24,955,000.00	SUNGARD	0.129
FFCB NOTE (45)	3133EG2S3	1/5/2017	1/3/2019	1.280%	1.301%	25,000,000.00	24,989,750.00	24,936,000.00	SUNGARD	0.260
FFCB NOTE (120)	3133EHUK7	8/14/2017	8/14/2019	1.400%	1.448%	25,000,000.00	24,976,450.00	24,749,750.00	SUNGARD	0.869
FFCB NOTE (170)	3133EHYJ6	9/12/2017	9/12/2019	1.375%	1.398%	25,000,000.00	24,988,500.00	24,712,750.00	SUNGARD	0.947
FFCB NOTE (250)	3133EHF32	10/10/2017	10/10/2019	1.500%	1.554%	25,000,000.00	24,973,350.00	24,718,000.00	SUNGARD	1.017
FFCB NOTE (30)	3133EHP98	11/6/2017	11/6/2019	1.600%	1.655%	25,000,000.00	24,973,000.00	24,720,000.00	SUNGARD	1.088
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	9,807,800.00	SUNGARD	1.819
FFCB NOTE (20)	3133EJWP0	8/15/2018	8/10/2020	2.710%	2.685%	25,000,000.00	25,012,100.00	24,946,750.00	SUNGARD	1.821
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,860,800.00	SUNGARD	2.042
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,860,800.00	SUNGARD	2.042
FFCB NOTE (85)	3133EFYZ4	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	9,661,700.00	SUNGARD	2.327
FFCB NOTE (260)	3133EHTS2	8/9/2017	8/3/2022	1.900%	1.895%	20,000,000.00	20,004,700.00	19,224,200.00	SUNGARD	3.712
FFCB NOTE (120)	3133EHYR8	9/14/2017	9/13/2022	1.750%	1.849%	20,000,000.00	19,906,200.00	19,086,800.00	SUNGARD	3.833
TOTAL FED FARM CREDIT BONDS(FFCB)				1.583%	1.621%	245,000,000.00	244,744,650.00	241,240,350.00		1.494
						7.36%	7.37%	7.30%		
FHLB NOTE (120)	313376BR5	12/24/2013	12/14/2018	1.750%	1.778%	5,000,000.00	4,993,400.00	4,995,150.00	SUNGARD	0.205
FHLB NOTE (120)	313376BR5	12/1/2016	12/14/2018	1.750%	1.209%	25,000,000.00	25,271,375.00	24,975,750.00	SUNGARD	0.205
FHLB NOTE (170)	3130AAS41	2/8/2017	2/8/2019	1.270%	1.278%	25,000,000.00	24,996,000.00	24,909,000.00	SUNGARD	0.359
FHLB NOTE (170)	3133782M2	3/2/2017	3/8/2019	1.500%	1.397%	25,000,000.00	25,051,150.00	24,907,750.00	SUNGARD	0.435
FHLB NOTE (20)	3130A2FH4	6/18/2014	6/14/2019	1.750%	1.853%	5,000,000.00	4,975,473.25	4,972,300.00	SUNGARD	0.701
FHLB NOTE (330)	3130A2FH4	8/1/2014	6/14/2019	1.750%	1.889%	5,000,000.00	4,967,750.00	4,972,300.00	SUNGARD	0.701
FHLB NOTE (120)	313379EE5	6/2/2017	6/14/2019	1.625%	1.389%	25,000,000.00	25,117,950.00	24,842,500.00	SUNGARD	0.702
FHLB NOTE (170)	3130ABRP3	7/12/2017	7/12/2019	1.450%	1.491%	25,000,000.00	24,979,875.00	24,780,750.00	SUNGARD	0.780

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
FHLB NOTE (120)	313383VN8	9/15/2014	9/13/2019	2.000%	1.884%	10,000,000.00	10,055,231.70	9,940,400.00	SUNGARD	0.948
FHLB NOTE (330)	313383VN8	10/20/2014	9/13/2019	2.000%	1.653%	10,000,000.00	10,162,300.00	9,940,400.00	SUNGARD	0.948
FHLB NOTE (120)	3130A0JR2	12/16/2014	12/13/2019	2.375%	1.713%	10,000,000.00	10,315,650.00	9,960,000.00	SUNGARD	1.185
FHLB NOTE (170)	3130A0JR2	12/6/2017	12/13/2019	2.375%	1.889%	25,000,000.00	25,239,475.00	24,900,000.00	SUNGARD	1.185
FHLB NOTE (20)	313378J77	4/23/2015	3/13/2020	1.875%	1.455%	10,000,000.00	10,197,500.00	9,867,200.00	SUNGARD	1.439
FHLB NOTE (120)	313383HU8	6/12/2015	6/12/2020	1.750%	1.903%	10,000,000.00	9,927,290.00	9,819,400.00	SUNGARD	1.674
FHLB NOTE (45)	313383HU8	7/14/2015	6/12/2020	1.750%	1.851%	10,000,000.00	9,952,800.00	9,819,400.00	SUNGARD	1.674
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	9,822,600.00	SUNGARD	1.804
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	19,374,600.00	SUNGARD	3.067
FHLB NOTE (170)	313378CR0	3/13/2017	3/11/2022	2.250%	2.129%	20,000,000.00	20,114,200.00	19,547,400.00	SUNGARD	3.333
FHLB NOTE (120)	313379Q69	6/13/2017	6/10/2022	2.125%	1.888%	20,000,000.00	20,225,000.00	19,416,400.00	SUNGARD	3.551
FHLB NOTE (120)	3130ABS23	7/14/2017	7/14/2022	2.000%	2.000%	20,000,000.00	20,000,000.00	19,312,200.00	SUNGARD	3.653
FHLB NOTE (170)	3130A3KM5	12/12/2017	12/9/2022	2.500%	2.240%	20,000,000.00	20,243,840.00	19,619,600.00	SUNGARD	3.977
TOTAL FED HOME LOAN BANKS				1.871%	1.713%	335,000,000.00	336,563,759.95	330,695,100.00		1.635
						10.06%	10.14%	10.01%		
FNMA NOTE (85)	3135G0YT4	11/27/2013	11/27/2018	1.625%	1.578%	10,000,000.00	10,022,500.00	9,990,600.00	SUNGARD	0.159
FNMA NOTE (330)	3135G0ZA4	2/21/2014	2/19/2019	1.875%	1.724%	10,000,000.00	10,071,800.00	9,981,100.00	SUNGARD	0.389
FNMA NOTE (330)	3135G0ZY2	11/26/2014	11/26/2019	1.750%	1.836%	10,000,000.00	9,958,950.00	9,894,100.00	SUNGARD	1.143
FNMA NOTE (20)	3135G0A78	1/30/2015	1/21/2020	1.625%	1.431%	10,000,000.00	10,092,965.20	9,857,700.00	SUNGARD	1.296
FNMA NOTE (120)	3135G0A78	2/13/2015	1/21/2020	1.625%	1.658%	10,000,000.00	9,984,400.00	9,857,700.00	SUNGARD	1.296
FNMA (330)	3135G0UU5	3/24/2015	3/6/2020	1.750%	1.544%	10,000,000.00	10,097,580.00	9,860,700.00	SUNGARD	1.420
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	9,787,200.00	SUNGARD	2.198
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	19,107,000.00	SUNGARD	2.948
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	19,107,000.00	SUNGARD	2.948
FNMA NOTE (45)	3135G0S38	1/17/2017	1/5/2022	2.000%	2.043%	20,000,000.00	19,959,800.00	19,422,600.00	SUNGARD	3.162
FNMA NOTE (120)	3135G0T45	5/9/2017	4/5/2022	1.875%	2.005%	20,000,000.00	19,878,800.00	19,293,400.00	SUNGARD	3.386
FNMA NOTE (330)	3135G0T78	10/18/2017	10/5/2022	2.000%	2.031%	20,000,000.00	19,970,560.00	19,238,800.00	SUNGARD	3.840
FNMA NOTE (330)	3135G0T78	11/6/2017	10/5/2022	2.000%	2.065%	20,000,000.00	19,939,400.00	19,238,800.00	SUNGARD	3.840
TOTAL FED NAT MORT ASSOC				1.757%	1.812%	190,000,000.00	189,505,195.20	184,636,700.00		2.530
						5.70%	5.71%	5.59%		
FHLB D.N. (30)	313385J98	4/16/2018	10/10/2018	1.880%	1.898%	15,200,000.00	15,059,501.33	15,191,944.00	SUNGARD	0.027
FHLB D.N. (260)	313384BH1	9/24/2018	2/1/2019	2.250%	2.268%	100,000,000.00	99,187,500.00	99,218,000.00	SUNGARD	0.339
FHLB D.N. (120)	313384BH1	9/27/2018	2/1/2019	2.250%	2.268%	100,000,000.00	99,206,250.00	99,218,000.00	SUNGARD	0.339
TOTAL FHLB DISC NOTES				2.224%	2.242%	215,200,000.00	213,453,251.33	213,627,944.00		0.317

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
						6.46%	6.43%	6.47%		
FHLMC NOTE (120)	3137EACA5	3/27/2014	3/27/2019	3.750%	1.832%	5,000,000.00	5,456,250.00	5,032,650.00	SUNGARD	0.487
FHLMC NOTE (120)	3137EADG1	5/30/2014	5/30/2019	1.750%	1.655%	10,000,000.00	10,045,460.00	9,950,100.00	SUNGARD	0.662
FHLMC NOTE (85)	3137EADK2	8/20/2014	8/1/2019	1.250%	1.727%	5,000,000.00	4,887,300.00	4,945,350.00	SUNGARD	0.833
FHLMC NOTE (170)	3137EAEE5	1/4/2018	1/17/2020	1.500%	1.985%	25,000,000.00	24,759,250.00	24,610,000.00	SUNGARD	1.286
FHLMC NOTE (120)	3137EADR7	5/20/2015	5/1/2020	1.375%	1.625%	10,000,000.00	9,881,500.00	9,782,200.00	SUNGARD	1.566
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	9,516,500.00	SUNGARD	2.825
TOTAL FHLMC				1.633%	1.745%	65,000,000.00	64,938,660.00	63,836,800.00		1.366
						1.95%	1.96%	1.93%		
IBRD NOTE (45)	459058ER0	10/7/2016	10/5/2018	1.000%	0.977%	11,000,000.00	11,005,060.00	10,998,790.00	SUNGARD	0.014
IBRD NOTE (20)	459058DL4	4/11/2017	3/15/2019	1.876%	1.412%	25,000,000.00	25,219,750.00	24,937,000.00	SUNGARD	0.454
IADB NOTE (45)	458182DX7	5/8/2017	5/13/2019	1.000%	1.438%	25,000,000.00	24,783,500.00	24,753,000.00	SUNGARD	0.617
IADB NOTE (45)	4581X0BL1	2/13/2018	2/14/2020	3.875%	2.255%	25,000,000.00	25,788,750.00	25,349,500.00	SUNGARD	1.344
IBRD NOTE (20)	459058FA6	3/8/2018	3/30/2020	1.376%	2.362%	25,000,000.00	24,506,925.00	24,466,750.00	SUNGARD	1.490
IFC NOTE (45)	45950VLS3	4/12/2018	4/9/2020	2.460%	2.460%	25,000,000.00	25,000,000.00	24,824,250.00	SUNGARD	1.489
IADB NOTE (20)	4581X0CX4	5/9/2018	5/12/2020	1.625%	2.626%	25,000,000.00	24,513,471.25	24,510,750.00	SUNGARD	1.592
IADB NOTE (170)	4581X0CX4	6/5/2018	5/12/2020	1.625%	2.599%	25,000,000.00	24,543,200.00	24,510,750.00	SUNGARD	1.592
IFC NOTE (170)	45950VLZ7	7/20/2018	7/20/2020	2.690%	2.732%	25,000,000.00	24,979,650.00	24,979,650.00	SUNGARD	1.766
IBRD NOTE (45)	459058GA5	9/10/2018	9/4/2020	1.626%	2.735%	25,000,000.00	24,468,150.00	24,411,500.00	SUNGARD	1.903
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	9,836,300.00	SUNGARD	2.056
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	9,666,100.00	SUNGARD	2.306
IBRD NOTE (45)	459058EW9	3/9/2016	3/9/2021	1.626%	1.667%	10,000,000.00	9,979,880.00	9,687,700.00	SUNGARD	2.402
IBRD NOTE(45)	459058EW9	4/22/2016	3/9/2021	1.626%	1.413%	10,000,000.00	10,099,780.00	9,687,700.00	SUNGARD	2.402
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.376%	1.376%	10,000,000.00	9,980,400.00	9,601,300.00	SUNGARD	2.599
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.376%	1.376%	10,000,000.00	10,030,300.00	9,601,300.00	SUNGARD	2.599
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	9,534,900.00	SUNGARD	2.774
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	19,014,200.00	SUNGARD	2.909
IBRD NOTE (85)	459058DY6	2/15/2017	2/10/2022	1.626%	2.177%	20,000,000.00	19,481,600.00	19,106,400.00	SUNGARD	3.277
IBRD NOTE (170)	45905UH23	4/27/2017	4/27/2022	1.930%	1.942%	20,000,000.00	19,989,000.00	19,989,000.00	SUNGARD	3.444
IADB NOTE (170)	4581X0DA3	1/18/2018	1/18/2023	2.500%	2.482%	20,000,000.00	20,016,840.00	19,543,000.00	SUNGARD	4.084
IADB NOTE (170)	4581X0DA3	2/16/2018	1/18/2023	2.500%	2.788%	20,000,000.00	19,736,200.00	19,543,000.00	SUNGARD	4.082
IBRD NOTE (170)	45905UT53	3/20/2018	3/8/2023	2.720%	2.824%	20,000,000.00	19,904,260.00	19,630,000.00	SUNGARD	4.204
IBRD NOTE (45)	459058FF5	5/11/2018	4/19/2023	1.750%	2.941%	20,000,000.00	18,912,000.00	18,907,200.00	SUNGARD	4.355
IFC NOTE (170)	45950VLV6	4/20/2018	4/20/2023	2.825%	2.825%	20,000,000.00	20,000,000.00	20,000,000.00	SUNGARD	4.254
IADB NOTE (45)	45818WBW5	6/22/2018	6/15/2023	2.975%	2.975%	20,000,000.00	20,000,000.00	19,856,400.00	SUNGARD	4.394
IADB NOTE (170)	45818WBX3	7/26/2018	7/20/2023	2.870%	2.965%	20,000,000.00	19,912,860.00	19,760,600.00	SUNGARD	4.498

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
IFC NOTE (170)	45950KCP3	8/28/2018	7/31/2023	2.875%	2.869%	20,000,000.00	20,005,580.00	19,818,000.00	SUNGARD	4.526
IADB NOTE (170)	45818WBY1	9/11/2018	8/16/2023	2.960%	2.946%	20,000,000.00	20,012,400.00	19,796,200.00	SUNGARD	4.562
TOTAL SUPRANATIONALS				2.113%	2.297%	546,000,000.00	542,798,756.25	536,321,240.00		2.651
						16.39%	16.35%	16.24%		
CP-TOYOTA (270)	89233HK11	4/23/2018	10/1/2018	2.370%	2.395%	15,000,000.00	14,841,012.50	15,000,000.00	SUNGARD	0.003
CP-TOYOTA (270)	89233HK11	5/2/2018	10/1/2018	2.350%	2.374%	30,000,000.00	29,702,333.33	30,000,000.00	SUNGARD	0.003
CP-TORONTO (20)	89116FK17	5/2/2018	10/1/2018	2.300%	2.323%	30,000,000.00	29,708,666.67	30,000,000.00	SUNGARD	0.003
CP-TORONTO (20)	89116FK33	4/18/2018	10/3/2018	2.250%	2.274%	10,000,000.00	9,895,000.00	9,998,777.78	SUNGARD	0.008
CP-TOYOTA (270)	89233HK94	5/18/2018	10/9/2018	2.320%	2.342%	50,000,000.00	49,536,000.00	49,975,555.56	SUNGARD	0.025
CP-COCA COLA (85)	19121BKC2	4/16/2018	10/12/2018	2.290%	2.316%	10,000,000.00	9,886,136.11	9,993,277.78	SUNGARD	0.033
CP-APPLE INC (85)	03785EKH6	6/4/2018	10/17/2018	2.160%	2.178%	20,000,000.00	19,838,000.00	19,980,444.44	SUNGARD	0.047
CP-TORONTO (20)	89116FKJ8	6/8/2018	10/18/2018	2.290%	2.309%	13,000,000.00	12,890,843.33	12,986,494.44	SUNGARD	0.049
CP-APPLE (85)	03785EKN3	6/8/2018	10/22/2018	2.170%	2.188%	20,000,000.00	19,836,044.44	19,974,333.33	SUNGARD	0.060
CP-TOYOTA (270)	89233HKR4	6/6/2018	10/25/2018	2.330%	2.351%	30,000,000.00	29,726,225.00	29,956,000.00	SUNGARD	0.068
CP-APPLE (85)	03785EL51	6/21/2018	11/5/2018	2.210%	2.229%	10,000,000.00	9,915,897.22	9,978,611.11	SUNGARD	0.099
CP-APPLE (85)	03785EL51	6/25/2018	11/5/2018	2.210%	2.228%	10,000,000.00	9,918,352.78	9,978,611.11	SUNGARD	0.099
CP-APPLE (85)	03785EL51	6/27/2018	11/5/2018	2.210%	2.228%	25,000,000.00	24,798,951.39	24,946,527.78	SUNGARD	0.099
CP-TOYOTA (270)	89233HL69	7/5/2018	11/6/2018	2.330%	2.349%	30,000,000.00	29,759,233.33	29,934,000.00	SUNGARD	0.101
CP-APPLE (85)	03785ELD4	6/18/2018	11/13/2018	2.230%	2.251%	15,000,000.00	14,862,483.33	14,960,583.33	SUNGARD	0.120
CP-APPLE (85)	03785ELK8	6/15/2018	11/19/2018	2.250%	2.272%	20,000,000.00	19,803,750.00	19,940,111.11	SUNGARD	0.137
CP-TOYOTA (270)	89233HLM4	7/10/2018	11/21/2018	2.330%	2.350%	10,000,000.00	9,913,272.22	9,968,833.33	SUNGARD	0.142
CP-BK OF MONTREAL(45)	06366HLM7	7/27/2018	11/21/2018	2.250%	2.267%	25,000,000.00	24,817,187.50	24,922,083.33	SUNGARD	0.142
CP-BK OF MONTREAL(45)	06366HLS4	8/2/2018	11/26/2018	2.270%	2.287%	25,000,000.00	24,817,138.89	24,914,444.44	SUNGARD	0.156
CP-TORONTO (20)	89116FM31	7/31/2018	12/3/2018	2.300%	2.319%	40,000,000.00	39,680,555.56	39,843,200.00	SUNGARD	0.175
CP-BK OF MONTREA(45)	06366HM38	8/1/2018	12/3/2018	2.280%	2.298%	60,000,000.00	59,528,800.00	59,764,800.00	SUNGARD	0.175
CP-BK OF MONTREAL (45)	06366HM46	8/3/2018	12/4/2018	2.302%	2.320%	15,000,000.00	14,882,022.50	14,940,266.67	SUNGARD	0.178
CP-TORONTO (20)	89116FN22	8/14/2018	1/2/2019	2.310%	2.331%	30,000,000.00	29,728,575.00	29,820,200.00	SUNGARD	0.257
CP-TORONTO (20)	89116FN89	8/20/2018	1/8/2019	2.300%	2.321%	20,000,000.00	19,819,833.33	19,872,400.00	SUNGARD	0.274
CP-TORONTO (20)	89116FNA4	9/5/2018	1/10/2019	2.280%	2.298%	15,000,000.00	14,879,350.00	14,902,366.67	SUNGARD	0.279
CP-BK OF MONTREAL(45)	06366HNB9	8/17/2018	1/11/2019	2.275%	2.296%	30,000,000.00	29,721,312.50	29,802,800.00	SUNGARD	0.282
CP-CIBC (120)	13607FNB8	8/17/2018	1/11/2019	2.270%	2.291%	25,000,000.00	24,768,270.83	24,835,666.67	SUNGARD	0.282
CHEVRON (85)	16677KNR0	9/17/2018	1/25/2019	2.220%	2.238%	50,000,000.00	49,599,166.67	49,626,222.22	SUNGARD	0.320
TOTAL COMMERCIAL PAPER DISC				2.278%	2.298%	683,000,000.00	677,074,414.43	680,816,611.10		0.142
						20.51%	20.39%	20.61%		
CD-RABOBANK (280)	21685V3W7	4/10/2018	10/1/2018	2.340%	2.340%	35,000,000.00	35,000,000.00	35,000,239.86	SUNGARD	0.003

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2018

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
CD-SVENSKA (260)	86958JF95	5/16/2018	10/2/2018	2.295%	2.290%	40,000,000.00	40,000,765.45	40,000,459.77	SUNGARD	0.005
CD-SWEDBANK (120)	87019VHM2	5/4/2018	10/5/2018	2.270%	2.270%	30,000,000.00	30,000,000.00	30,000,752.08	SUNGARD	0.014
CD-SVENSKA (260)	9686958J8	5/29/2018	10/11/2018	2.225%	2.220%	25,000,000.00	25,000,464.88	25,001,062.17	SUNGARD	0.030
CD-SVENSKA (260)	86958JH28	5/29/2018	10/15/2018	2.225%	2.220%	25,000,000.00	25,000,478.54	25,001,448.08	SUNGARD	0.041
CD - US BANK (240)	90333VXP0	6/5/2018	10/19/2018	2.200%	2.200%	35,000,000.00	35,000,000.00	35,002,125.67	SUNGARD	0.052
CD-RABOBANK (280)	21685V4D8	5/22/2018	11/1/2018	2.340%	2.340%	35,000,000.00	35,000,000.00	35,007,837.21	SUNGARD	0.088
CD-RABOBANK (280)	21685V4E6	5/24/2018	11/1/2018	2.320%	2.320%	30,000,000.00	30,000,000.00	30,006,196.37	SUNGARD	0.088
CD-US BANK (240)	90333VXR6	6/14/2018	11/1/2018	2.230%	2.230%	30,000,000.00	30,000,000.00	30,003,890.22	SUNGARD	0.088
CD-RABOBANK (280)	21685V4J5	6/12/2018	11/2/2018	2.320%	2.320%	55,000,000.00	55,000,000.00	55,011,841.88	SUNGARD	0.090
CD-RABOBANK (280)	21685V4K2	6/13/2018	11/2/2018	2.320%	2.320%	15,000,000.00	15,000,000.00	15,003,231.44	SUNGARD	0.090
CD-US BANK (240)	90333VXS4	6/26/2018	11/7/2018	2.220%	2.220%	60,000,000.00	60,000,000.00	60,008,704.87	SUNGARD	0.104
CD-US BANK (0240)	90333VXT2	7/2/2018	11/9/2018	2.210%	2.210%	35,000,000.00	35,000,000.00	35,004,988.21	SUNGARD	0.110
CD-SKANDINAVISKA (0260)	83050FX55	7/2/2018	11/14/2018	2.250%	2.250%	65,000,000.00	65,000,000.00	65,013,643.64	SUNGARD	0.123
CD-US BANK (240)	90333VXU9	7/6/2018	11/20/2018	2.230%	2.230%	20,000,000.00	20,000,000.00	20,004,208.55	SUNGARD	0.140
CD-BK OF NOVA SCOTIA (1542)	06417GX78	8/8/2018	1/2/2019	2.400%	2.400%	25,000,000.00	25,000,000.00	25,011,173.19	SUNGARD	0.257
CD-BK OF NOVA SCOTIA(1542)	06417GX94	8/9/2018	1/2/2019	2.400%	2.400%	25,000,000.00	25,000,000.00	25,011,182.80	SUNGARD	0.257
CD-SVENSKA (260)	86958JR43	8/16/2018	1/2/2019	2.255%	2.250%	40,000,000.00	40,000,765.57	40,002,984.68	SUNGARD	0.257
CD-SWEDBANK (260)	87019VQJ9	8/23/2018	1/8/2019	2.220%	2.220%	50,000,000.00	50,000,000.00	49,999,281.90	SUNGARD	0.274
CD-SVENSKA (260)	86958JS75	8/29/2018	1/8/2019	2.275%	2.270%	35,000,000.00	35,000,636.37	35,004,880.66	SUNGARD	0.274
CD-ROYAL BK OF CANADA(260)	78012UHA6	9/7/2018	1/14/2019	2.330%	2.330%	40,000,000.00	40,000,000.00	40,012,484.72	SUNGARD	0.290
CD-CANADIAN IMPERIAL(120)	13606BD45	9/13/2018	1/17/2019	2.240%	2.240%	50,000,000.00	50,000,000.00	50,002,654.43	SUNGARD	0.298
CD-ROYAL BK OF CANADA(260)	78012UGT6	9/4/2018	1/25/2019	2.300%	2.300%	50,000,000.00	50,000,000.00	50,012,311.92	SUNGARD	0.320
CD-FIVE STAR BANK (CRA)		4/26/2018	4/25/2019	2.140%	2.140%	5,000,000.00	5,000,000.00	4,991,130.27	SUNGARD	0.567
CD-BANK OF THE WEST (CRA)		5/10/2018	5/10/2019	2.400%	2.400%	10,000,000.00	10,000,000.00	9,996,769.83	SUNGARD	0.608
TOTAL CERT. OF DEPOSIT/THRIFT NOTES				2.275%	2.274%	865,000,000.00	865,003,110.81	865,115,484.42		0.159
						25.97%	26.05%	26.19%		
LAIF POOL		7/31/1997	10/31/2018	1.998%	1.998%	65,000,000.00	65,000,000.00	65,000,000.00	BOOK	0.085
TOTAL PASSBOOK ACCOUNTS				1.998%	1.998%	65,000,000.00	65,000,000.00	65,000,000.00		0.085
						1.95%	1.96%	1.97%		
	Grand Total			2.094%	2.121%	3,330,726,226.46	3,320,229,432.76	3,302,805,745.98		0.988

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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