NEW ISSUE—BOOK-ENTRY ONLY

Ratings: Moody's (Underlying): "A1"
S&P (Insured)" "AA"
(See "MISCELLANEOUS — Ratings" herein.)

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 Series 2019 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 Series 2019 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 Series 2019 Bonds. See "TAX MATTERS" herein.

$22,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2018, Series 2019

Dated: Date of Delivery

Due: August 1, as shown herein

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 Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2018, Series 2019 (the "Series 2019 Bonds") are issued by the Panama-Buena Vista Union School District (the "District"), located in the County of Kern (the "County"), to (i) finance specific construction and improvement projects approved by the voters of the District, and (ii) pay costs of delivery with respect to the Series 2019 Bonds. The Series 2019 Bonds were authorized at an election of the voters of the District held on November 6, 2018, at which at least 55% of the voters authorized the issuance and sale of $90,000,000 aggregate principal amount of bonds of the District. The Series 2019 Bonds are being issued under the laws of the State of California (the "State"), and pursuant to a resolution of the Board of Trustees of the District, adopted on February 12, 2019.

The Series 2019 Bonds are payable from ad valorem taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and 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 Series 2019 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

The Series 2019 Bonds will be issued as current interest bonds, as set forth on the inside front cover hereof. Interest on the Series 2019 Bonds is payable on each February 1 and August 1 to maturity, commencing August 1, 2019. Principal of the Series 2019 Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Series 2019 Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The scheduled payment of principal of and interest on the Series 2019 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the issuance of the Series 2019 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "BOND INSURANCE" herein.

The Series 2019 Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Individual purchases of the Series 2019 Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Series 2019 Bonds purchased by them. See "THE SERIES 2019 BONDS – Form and Registration" herein. Payments of the principal of and interest on the Series 2019 Bonds will be made by The Bank of New York Mellon Trust Company, N.A., as paying agent, registrar and transfer agent with respect to the Series 2019 Bonds, to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Series 2019 Bonds. See "THE SERIES 2019 BONDS – Payment of Principal and Interest" herein.

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2019 BONDS — Redemption" herein.

The Series 2019 Bonds were awarded to J.P. Morgan Securities LLC pursuant to competitive bidding which was held on February 21, 2019, as set forth in the Official Notice of Sale, dated February 13, 2019. The Series 2019 Bonds will be offered when, as and if issued by the District, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Irvine, California, as Disclosure Counsel to the District. It is anticipated that the Series 2019 Bonds, in definitive form, will be available for delivery through the facilities of DTC on or about March 7, 2019.

Dated: February 21, 2019.

MATURITY SCHEDULE
BASE CUSIP†: 698118

$22,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2018, Series 2019

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Number†
2020	3,730,000	2.00%	1.60%	HS8
2021	3,480,000	2.00	1.61	HT6
2022	3,645,000	3.00	1.62	HU3
2023	1,235,000	3.00	1.67	HV1
2024	1,345,000	3.00	1.72	HW9
2025	1,455,000	3.00	1.82	HX7
2026	1,580,000	3.00	1.95	HY5
2027	1,705,000	3.00	2.09	HZ2
2028	1,840,000	3.00	2.23[C]	JA5
2029	1,985,000	3.00	2.43[C]	JB3

† 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. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Initial Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

[C] Yield to call at par on August 1, 2027.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)

DISTRICT ADMINISTRATORS

Kevin M. Silberberg, Ed.D., Superintendent
Glenn Imke, CPA, Assistant Superintendent, Business Services

PROFESSIONAL SERVICES

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Paying Agent, Registrar and Transfer Agent

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

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2019 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 Series 2019 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 Series 2019 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 opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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," "intend" 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 their 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 Series 2019 Bonds.

In connection with this offering, the initial purchaser of the Series 2019 Bonds (the "Initial Purchaser") may overallot or effect transactions which stabilize or maintain the market prices of the Series 2019 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Initial Purchaser may offer and sell the Series 2019 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Initial Purchaser.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

$22,000,000
PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2018, Series 2019

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, which includes the cover page, inside cover page and appendices hereto, is provided to furnish information in connection with the sale of $22,000,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2018, Series 2019 (the "Series 2019 Bonds"), all as indicated on the inside front cover hereof, to be offered by the Panama-Buena Vista Union School District (the "District").

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

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds, the resolution of the Board of Trustees of the District relating to the Series 2019 Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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 Series 2019 Bonds.

Copies of documents referred to herein and information concerning the Series 2019 Bonds are available from the District by contacting: Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313, Attention: Assistant Superintendent, Business Services. The District may impose a charge for copying, handling and mailing such requested documents.

The District

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State.

The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County of Kern (the "County"). The District provides public education in kindergarten through eighth grade, operating 19 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 10,500 students, is also located within the District.

The District is governed by an independent Board of Trustees (the "Board of Trustees") consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees. Kevin M. Silberberg, Ed.D., has served as Superintendent of the District since July 2013.

Total assessed valuation of taxable property in the District in fiscal year 2018-19 is $12,256,537,793. The District operates under the jurisdiction of the Kern County Superintendent of Schools.

For additional information about the District, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

THE SERIES 2019 BONDS

Authority for Issuance; Purpose

The Series 2019 Bonds are issued under the provisions of Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the California Government Code and Article XIIIA of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on February 12, 2019 (the "Resolution").

At an election held on November 6, 2018, the District received authorization under Measure H to issue general obligation bonds of the District in an aggregate principal amount not to exceed $90,000,000 to improve school safety and security, construct/equip new school facilities to relieve severe overcrowding, and repair/upgrade older classrooms, labs, facilities and instructional technology supporting student achievement/college readiness in math, science, engineering, technology and arts (collectively, the "2018 Authorization"). Measure H received an approval vote of more than 55% of the votes cast by eligible voters within the District.

The Series 2019 Bonds represent the first series of authorized bonds to be issued under the 2018 Authorization and will be issued to (i) finance specific construction, repair and improvement projects approved by the voters of the District, and (ii) pay costs of delivery with respect to the Series 2019 Bonds. See "–Application and Investment of Series 2019 Bond Proceeds" herein.

Bond Insurance Policy

Concurrently with the issuance of the Series 2019 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2019 Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2019 Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement. See "BOND INSURANCE."

Form and Registration

The Series 2019 Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 principal amount or integral multiples thereof. The Series 2019 Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository of the Series 2019 Bonds. Purchases of Series 2019 Bonds under the DTC book-entry system must be made by or through a DTC participant, and ownership interests in Series 2019 Bonds 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 Series 2019 Bonds, beneficial owners of the Series 2019 Bonds ("Beneficial Owners") will not receive physical certificates representing their ownership interests. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

Interest. The Series 2019 Bonds will be dated as of their date of delivery, and bear interest at the rates set forth on the inside front cover page of this Official Statement, payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2019, computed on the basis of a 360-day year consisting of twelve 30-day months. Each Series 2019 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the 15th day of the calendar month immediately preceding an Interest Payment Date (the "Record Date") and on or prior to the succeeding Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2019 Bond, interest is in default on any outstanding Series 2019 Bonds, such Series 2019 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2019 Bonds.

Payment of Series 2019 Bonds. The principal of the Series 2019 Bonds is payable in lawful money of the United States of America upon the surrender thereof at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent") at the maturity thereof or upon redemption prior to maturity.

Interest on the Series 2019 Bonds is payable in lawful money of the United States of America by check mailed on each Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to the registered owner thereof (the "Owner") at such Owner's address as it appears on the bond registration books kept by the Paying Agent or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least $1,000,000 of outstanding Series 2019 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on a Record Date. So long as the Series 2019 Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM."

Redemption

Optional Redemption. The Series 2019 Bonds maturing on or before August 1, 2027, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2019 Bonds maturing on or after August 1, 2028, 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, 2027, at a redemption price equal to the principal amount of the Series 2019 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Selection of Series 2019 Bonds for Redemption. If less than all of the Series 2019 Bonds are called for redemption, the Series 2019 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series 2019 Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Series 2019 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series 2019 Bond shall be deemed to consist of individual Series 2019 Bonds of denominations of $5,000 principal amount, each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of any Series 2019 Bond will be given by the Paying Agent not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series 2019 Bonds. See APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption will contain the following information: (i) the date of such notice; (ii) the name of the Series 2019 Bonds and the date of issue of the Series 2019 Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of Series 2019 Bonds to be redeemed; (vi) if less than all of the Series 2019 Bonds of any maturity are to be redeemed the distinctive numbers of the Series 2019 Bonds of each maturity to be redeemed; (vii) in the case of Series 2019 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2019 Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Series 2019 Bonds to be redeemed; (ix) a statement that such Series 2019 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Series 2019 Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. The actual receipt by the Owner of any Series 2019 Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Series 2019 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 described above and when the redemption price of the Series 2019 Bonds called for redemption is set aside, the Series 2019 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2019 Bonds at the place specified in the notice of redemption, such Series 2019 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2019 Bonds so called for redemption after such redemption date shall look for the payment of such Series 2019 Bonds and the redemption premium thereon, if any, only to moneys on deposit for the purpose in the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") or the trust fund established for such purpose. All Series 2019 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2019 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund of the District or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2019 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2019 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Defeasance of Series 2019 Bonds

The District may pay and discharge any or all of the Series 2019 Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2019 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Moneys

Any money held in any fund or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds and remaining unclaimed for two years after the principal of such Series 2019 Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys is required to be transferred to the general fund of the District as provided and permitted by law.

Application and Investment of Series 2019 Bond Proceeds

The proceeds of the Series 2019 Bonds are expected to be applied as follows:

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds,
Election of 2018, Series 2019

Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Series 2019 Bonds	$22,000,000.00
Plus Original Issue Premium	905,149.80
Total Sources of Funds	$22,905,149.80
Uses of Funds:	
Deposit to Building Fund	$21,694,658.74
Deposit to Interest and Sinking Fund[1]	905,149.80
Costs of Issuance[2]	229,700.00
Initial Purchaser's Discount	75,641.26
Total Uses of Funds	$22,905,149.80

(1) Consists of premium received by the District.
(2) Includes legal fees, municipal advisor fees, rating agency fees, printing fees, bond insurance premium and other miscellaneous expenses.

Under California law, all money received by or apportioned to a school district must generally be paid into and held in the County treasury. The proceeds from the sale of the Series 2019 Bonds, less amounts necessary to pay costs of issuance, will be deposited in the County treasury to the credit of the building fund of the District (the "Building Fund") and shall be accounted for together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds shall be applied solely for the purposes for which the Series 2019 Bonds were authorized. Any premium or accrued interest on the Series 2019 Bonds received by the District will be deposited in the Interest and Sinking Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund. All funds held by the County Treasurer (the "County Treasurer") in the Building Fund and the Interest and Sinking Fund are expected to be invested at the sole discretion of the County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX E – "KERN COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL" for a description of the permitted investments under the investment policy of the County. In addition, to the extent permitted by law and the investment policy of the County, the District may request in writing that all or any portion of the funds held in the Building Fund of the District may be invested in investment agreements, including guaranteed investment contracts, float contracts or other investment products which comply with the requirements of each rating agency then rating the Series 2019 Bonds. The County Treasurer does not monitor such investments for arbitrage compliance and does not perform any arbitrage calculations with respect to such investments.

In 2017, it was discovered that approximately $19 million was stolen from accounts owned by the Kern Community College District and the Kern County Superintendent of Schools that were held by the County Treasurer (approximately $2.6 million dollars impacted the Kern County Superintendent of Schools and $16.4 million impacted the Kern Community College District). No accounts or funds of the District were involved. As of October 2018, reports indicate that approximately 96% of the amount stolen has been recovered. An FBI investigation into the fraud is ongoing. The County Treasurer is actively reviewing its procedures to make sure that systems are in place to prevent any future fraudulent charges to accounts held by the County Treasurer.

[Remainder of page left intentionally blank.]

Debt Service

Debt service on the Series 2019 Bonds, assuming no early redemptions, is as set forth in the following table.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds, Election of 2018, Series 2019

Year Ending August 1,	Principal	Interest	Total Debt Service
2019	-	$ 235,160.00	$ 235,160.00
2020	$ 3,730,000.00	587,900.00	4,317,900.00
2021	3,480,000.00	513,300.00	3,993,300.00
2022	3,645,000.00	443,700.00	4,088,700.00
2023	1,235,000.00	334,350.00	1,569,350.00
2024	1,345,000.00	297,300.00	1,642,300.00
2025	1,455,000.00	256,950.00	1,711,950.00
2026	1,580,000.00	213,300.00	1,793,300.00
2027	1,705,000.00	165,900.00	1,870,900.00
2028	1,840,000.00	114,750.00	1,954,750.00
2029	1,985,000.00	59,550.00	2,044,550.00
Total:	$22,000,000.00	$3,222,160.00	$25,222,160.00

[Remainder of page left intentionally blank.]

Outstanding Bonds

In addition to the Series 2019 Bonds, the District has four series of general obligation bonds outstanding, each of which is secured by ad valorem taxes upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

At an election held on November 6, 2012, the District received authorization under Measure P to issue general obligation bonds of the District in an aggregate principal amount not to exceed $147,000,000 to modernize school technology, upgrade safety/security systems, improve energy efficiency, rehabilitate outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip, and renovate sites, facilities, and equipment (collectively, the "2012 Authorization"). Measure P received an approval vote of more than 55% of the votes cast by eligible voters within the District.

On May 29, 2013, the District issued $18,405,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2013 Series A (the "Series A Bonds (2013)") as its first series of authorized bonds issued under the 2012 Authorization. On April 23, 2015, the District issued $28,110,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015 Series B (the "Series B Bonds (2015)") and $3,380,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2015 Series T-1 (the "Series T-1 Bonds (2015)"), as its second and third series, respectively, of authorized bonds issued under the 2012 Authorization. On April 12, 2017, the District issued $20,000,000 aggregate principal amount of its 2012 Election General Obligation Bonds, 2017 Series C (the "Series C Bonds (2017)") as its fourth series of authorized bonds issued under the 2012 Authorization. $77,105,000 aggregate principal amount remains authorized but unissued under the 2012 Authorization.

In connection with the 2018 Authorization, the Board of Trustees covenanted in its Resolution Calling the Election adopted on July 24, 2018 that (a) once the District issues an additional portion of Measure P bonds in the principal amount of not to exceed $18,000,000 (the "Expected Measure P Bonds"), the Board of Trustees will take all required actions to cancel the remaining unissued Measure P bonds (such remaining amount after the issuance of not to exceed $18,000,000 being referred to herein as, the "Remaining Unissued Measure P Bonds"), and (b) the District, under all circumstances, shall not authorize the issuance of or issue any of the Remaining Unissued Measure P Bonds.

The Series 2019 Bonds represent the first series of authorized bonds to be issued under the 2018 Authorization and will be issued to finance authorized projects. See "–Application and Investment of Series 2019 Bond Proceeds" herein.

Aggregate Debt Service

The following table sets forth the annual aggregate debt service requirements of all outstanding bonds of the District, including the Series 2019 Bonds, assuming no early redemptions.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Obligation Bonds – Aggregate Debt Service

Period Ending August 1,	Series A Bonds (2013)	Series B Bonds (2015)	Series T-1 Bonds (2015)	Series C Bonds (2017)	Series 2019 Bonds	Aggregate Total Debt Service
2019	$ 571,025.00	$ 1,666,581.26	$ 1,092,000.00	$ 908,350.00	$ 235,160.00	$ 4,473,116.26
2020	591,025.00	1,662,081.26	-	1,318,350.00	4,317,900.00	7,889,356.26
2021	620,425.00	1,666,331.26	-	887,850.00	3,993,300.00	7,167,906.26
2022	653,925.00	1,663,831.26	-	887,850.00	4,088,700.00	7,294,306.26
2023	686,375.00	1,664,831.26	-	887,850.00	1,569,350.00	4,808,406.26
2024	717,775.00	1,664,081.26	-	887,850.00	1,642,300.00	4,912,006.26
2025	758,125.00	1,666,581.26	-	887,850.00	1,711,950.00	5,024,506.26
2026	797,125.00	1,662,081.26	-	887,850.00	1,793,300.00	5,140,356.26
2027	834,775.00	1,665,831.26	-	887,850.00	1,870,900.00	5,259,356.26
2028	880,350.00	1,662,331.26	-	887,850.00	1,954,750.00	5,385,281.26
2029	918,620.00	1,665,031.26	-	887,850.00	2,044,550.00	5,516,051.26
2030	964,795.00	1,661,831.26	-	952,850.00	-	3,579,476.26
2031	1,013,870.00	1,666,675.00	-	1,014,600.00	-	3,695,145.00
2032	1,065,670.00	1,665,425.00	-	1,083,100.00	-	3,814,195.00
2033	1,118,545.00	1,661,950.00	-	1,157,850.00	-	3,938,345.00
2034	1,178,275.00	1,662,500.00	-	1,228,350.00	-	4,069,125.00
2035	1,284,400.00	1,665,543.76	-	1,289,600.00	-	4,239,543.76
2036	1,339,000.00	1,662,237.50	-	1,376,850.00	-	4,378,087.50
2037	1,380,000.00	1,665,437.50	-	1,468,600.00	-	4,514,037.50
2038	1,447,800.00	1,666,637.50	-	1,554,350.00	-	4,668,787.50
2039	1,516,200.00	1,665,837.50	-	1,649,100.00	-	4,831,137.50
2040	1,590,000.00	1,663,037.50	-	1,747,100.00	-	5,000,137.50
2041	1,668,800.00	1,663,237.50	-	1,847,850.00	-	5,179,887.50
2042	1,747,200.00	1,664,800.00	-	1,950,850.00	-	5,362,850.00
2043	-	1,665,600.00	-	2,655,600.00	-	4,321,200.00
2044	–	1,664,000.00	–	2,801,600.00	–	4,465,600.00
2045	–	–	–	3,489,200.00	–	3,489,200.00
2046	–	–	–	3,650,400.00	–	3,650,400.00
Total:	$25,344,100.00	$43,274,343.88	$ 1,092,000.00	$41,135,200.00	$25,222,160.00	$136,067,803.88

Source: Fieldman, Rolapp & Associates, Inc.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Series 2019 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). Such taxes are in addition to other taxes levied upon property within the District. When collected, the tax revenues will be deposited by the County in the Interest and Sinking Fund of the District, which is required to be maintained by the County and to be used solely for the payment of bonds of the District.

The Series 2019 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 Series 2019 Bonds.

Statutory Lien on Taxes (Senate Bill 222)

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

Pledge of Tax Revenues

The District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of all bonds, including the Series 2019 Bonds (collectively, the "Bonds"), of the District heretofore or hereafter issued pursuant to voter approved measures of the District 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. The Resolution provides that the property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Resolution provides that this pledge constitutes an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and the 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.

Property Taxation System

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

Local property taxation is the responsibility of various county officers. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the county treasurer-tax collector, the superintendent of schools of which has jurisdiction over the school district holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due, as ex officio treasurer of the school district.

Assessed Valuation of Property Within the District

Taxable property located in the District has a fiscal year 2018-19 assessed value of $12,256,537,793. All property (real, personal and intangible) is taxable unless an exemption is granted by the California Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization, as described below.

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

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 sets forth the assessed valuation of the various classes of property in the District's boundaries from fiscal year 2007-08 through 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Assessed Valuations
Fiscal Years 2007-08 through 2018-19

Fiscal Year Ending	Local Secured	Utility	Unsecured	Total Valuation
2007-08	$ 9,544,682,697	$758,154	$243,795,442	$ 9,789,236,293
2008-09	9,482,432,162	757,481	263,834,906	9,747,024,549
2009-10	8,649,842,239	756,220	279,499,853	8,930,098,312
2010-11	8,608,718,045	760,878	242,857,475	8,852,336,398
2011-12	8,410,879,164	612,519	255,390,374	8,666,882,057
2012-13	8,529,583,220	612,976	267,646,262	8,797,842,458
2013-14	9,027,012,108	612,160	262,964,536	9,290,588,804
2014-15	9,737,213,234	609,494	264,772,067	10,002,594,795
2015-16	10,308,992,898	608,010	268,314,248	10,577,915,156
2016-17	10,972,747,246	503,232	266,402,297	11,239,652,772
2017-18	11,475,964,043	500,146	261,332,938	11,737,797,127
2018-19	11,983,651,289	496,258	272,390,246	12,256,537,793

Source: California Municipal Statistics, Inc.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, 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 (such pre-reduction level escalated by the annual 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. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, 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 as calculated by the County.

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.

Bonding Capacity. As an elementary school district, the District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. The District's fiscal year 2018-19 gross bonding capacity (also commonly referred to as the "bonding limit" or "debt limit") is approximately $153.21 million and its net bonding capacity is approximately $90.28 million (taking into account current outstanding debt before issuance of the Series 2019 Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table describes the percentage and value of the total assessed valuation of the property within the District's boundaries that reside in the city of Bakersfield and unincorporated portions of the County for fiscal year 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bakersfield	$11,897,921,523	97.07%	$29,912,084,134	39.78%
Unincorporated Kern County	358,616,270	2.93	52,504,608,247	0.68
Total District	$12,256,537,793	100.00%		
Kern County	$12,256,537,793	100.00%	$91,615,665,706	13.38%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table sets forth a distribution of taxable property located in the District on the fiscal year 2018-19 tax roll by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
2018-19 Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	$177,674,268	1.48%	274	0.65%
Commercial/Office	1,718,001,037	14.34	710	1.69
Vacant Commercial	35,456,800	0.30	101	0.24
Industrial	540,045,532	4.51	385	0.91
Vacant Industrial	27,942,668	0.23	149	0.35
Recreational	73,740,632	0.62	43	0.10
Government/Social/Institutional	179,072,659	1.49	1,396	3.32
Miscellaneous	25,155,546	0.21	95	0.23
Subtotal Non-Residential	$2,777,089,142	23.17%	3,153	7.49%
Residential:				
Single Family Residence	$8,040,004,396	67.09%	32,940	78.24%
Condominium/Townhouse	373,236,027	3.11	3,327	7.90
Mobile Home	28,100,353	0.23	739	1.76
Mobile Home Park	22,323,642	0.19	6	0.01
2-4 Residential Units	271,605,048	2.27	826	1.96
5+ Residential Units/Apartments	369,265,105	3.08	204	0.48
Vacant Residential	102,027,576	0.85	904	2.15
Subtotal Residential	$9,206,562,147	76.83%	38,946	92.51%
TOTAL	$11,983,651,289	100.00%	42,099	100.00%

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

Assessed Valuation of Single-Family Homes. The following table sets forth the assessed valuation of single-family homes in the District's boundaries for fiscal year 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
2018-19 Per Parcel Assessed Valuation of Single Family Homes

	Number of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	32,940	$8,040,004,396	$244,080	$216,739

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	16	0.049%	0.049%	$ 318,799	0.004%	0.004%
$25,000 - $49,999	172	0.522	0.571	6,900,221	0.086	0.090
$50,000 - $74,999	464	1.409	1.979	28,941,042	0.360	0.450
$75,000 - $99,999	901	2.735	4.715	80,086,904	0.996	1.446
$100,000 - $124,999	1,845	5.601	10.316	211,739,540	2.634	4.079
$125,000 - $149,999	3,134	9.514	19.830	432,549,737	5.380	9.459
$150,000 - $174,999	3,509	10.653	30.483	570,226,171	7.092	16.552
$175,000 - $199,999	3,864	11.730	42.213	725,403,798	9.022	25.574
$200,000 - $224,999	3,741	11.357	53.570	794,676,930	9.884	35.458
$225,000 - $249,999	3,343	10.149	63.719	792,874,521	9.862	45.320
$250,000 - $274,999	2,951	8.959	72.678	774,395,641	9.632	54.952
$275,000 - $299,999	2,576	7.820	80.498	739,402,167	9.197	64.148
$300,000 - $324,999	1,681	5.103	85.601	523,793,419	6.515	70.663
$325,000 - $349,999	1,001	3.039	88.640	336,562,996	4.186	74.849
$350,000 - $374,999	684	2.077	90.716	246,939,902	3.071	77.921
$375,000 - $399,999	421	1.278	91.995	162,833,764	2.025	79.946
$400,000 - $424,999	368	1.117	93.112	151,394,578	1.883	81.829
$425,000 - $449,999	313	0.950	94.062	136,703,667	1.700	83.529
$450,000 - $474,999	296	0.899	94.961	136,772,690	1.701	85.230
$475,000 - $499,999	236	0.716	95.677	114,752,357	1.427	86.658
$500,000 and greater	1,424	4.323	100.000	1,072,735,552	13.342	100.000
Total	32,940	100.000%		$8,040,004,396	100.000%	

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

[Remainder of page left intentionally blank.]

Largest Taxpayers in District. The following table sets forth the 20 taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2018-19 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District, are set forth below.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Largest 2018-19 Local Secured Taxpayers

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Percent of Total[1]
1.	Nestle Dreyer's Ice Cream Company	Industrial	$168,340,793	1.40%
2.	Valley Plaza Mall LP	Shopping Center	135,620,245	1.13
3.	Castle & Cooke Commercial CA Inc.	Shopping Center	102,356,699	0.85
4.	DS Prop 18 LP	Shopping Center	76,810,528	0.64
5.	Bolthouse Land Company LLC	Commercial Properties	59,485,708	0.50
6.	Chevron USA Inc.	Office Building	57,393,402	0.48
7.	GSF Springs I Investors LP	Apartments	40,663,540	0.34
8.	Ming Prop LLC	Shopping Center	40,334,485	0.34
9.	Bakersfield Mall LLC	Movie Theater	40,279,938	0.34
10.	DP Power I & II LP	Shopping Center	35,026,475	0.29
11.	Old River Ranch LLC	Agricultural	33,745,866	0.28
12.	Laurelglen Properties LLC	Apartments	30,965,155	0.26
13.	Kern Schools Federal Credit Union	Credit Union	29,451,523	0.25
14.	United States Cold Storage of CA	Industrial	28,579,679	0.24
15.	M. Frank St. Clair Family Trust	Apartments	27,787,756	0.23
16.	GSF Edgewater Investors LP	Apartments	27,752,948	0.23
17.	Crimson Resource Management Corp.	Industrial	23,594,464	0.20
18.	Costco Wholesale Corp.	Commercial	22,107,119	0.18
19.	Credi Bakersfield LP	Shopping Center	21,072,495	0.18
20.	Stockdale Village LP	Shopping Center	20,876,187	0.17
			$1,022,245,005	8.53%

(1) 2018-19 local secured assessed valuation: $11,983,651,289
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. 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 Series 2019 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 Series 2019 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 Series 2019 Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table sets forth ad valorem property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 1-025). This Tax Rate Area comprises approximately 10.83% of the total assessed value of the District for fiscal year 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Typical Total Tax Rates per $100 of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.052537	.053705	.058505	0.078509	0.070662
Panama-Buena Vista Union School District	.029374	.033026	.024287	0.022353	0.028764
Kern High School District	.036056	.032389	.025969	0.053319	0.051182
Kern Community College District SFID	-	-	–	0.021837	0.021330
Kern Community College District SRID	.010450	.013571	.013180	0.014412	0.012338
Total	1.128417%	1.32691%	1.121941%	1.190430%	1.184276%

____
Source: California Municipal Statistics, Inc.

In accordance with the California Constitution and the Education Code, bonds approved pursuant to the 2018 Authorization may not be issued unless the District projects that repayment of all outstanding bonds approved under the 2018 Authorization will require a tax rate no greater than $30.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Series 2019 Bonds, the District projects that the maximum tax rate required to repay the Series 2019 Bonds and all other outstanding bonds approved at the 2018 Authorization will be within that legal limit. The tax rate limitation applies only when new bonds are issued and does not restrict the authority of the County Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Series 2019 Bonds and any other series of bonds issued under the 2018 Authorization 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 process enacted since that time. Revenues derived from special ad valorem taxes for voter-approved indebtedness, including the Series 2019 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.

The following table sets forth real property tax charges and corresponding delinquencies with respect to the property located in the District for fiscal years 2013-14 through 2017-18.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Secured Tax Charges and Delinquencies[(1)]
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Secured Tax Charge[(2)]	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	$1,321,995.85	$13,184.06	1.00%
2014-15	2,126,038.33	19,097.78	0.90
2015-16	3,432,918.56	29,241.99	0.85
2016-17	2,733,024.60	28,298.39	1.04
2017-18	2,644,009.80	23,002.10	0.87

Fiscal Year	Secured Tax Charge[(3)]	Amount Delinquent June 30	Percent Delinquent June 30
2013-14	$11,552,503.37	$150,009.20	1.30%
2014-15	12,403,957.94	161,978.95	1.31
2015-16	12,848,199.32	162,972.38	1.27
2016-17	13,745,000.62	191,726.19	1.39
2017-18	14,411,694.83	174,796.91	1.21

(1) The County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
(2) District's general obligation bond debt service levy only.
(3) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Teeter Plan. The County has adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1 (commencing with Section 4701) of the Revenue and Taxation Code of the State (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year end. Under the Teeter Plan, the County assumes an obligation under a debenture or similar demand obligation to advance funds to cover expected delinquencies, and, by such financing, its general fund receives the full amount of secured property taxes levied each year and, therefore, no longer experiences delinquent taxes. In addition, the County's general fund benefits from future collections of penalties and interest on all delinquent taxes collected on behalf of participants in this alternative method of apportionment.

Upon adopting the Teeter Plan, the County was required to distribute to participating local agencies, 95% of the then-accumulated, secured roll property tax delinquencies and to place the remaining 5% in a tax losses reserve fund. Taxing entities that maintain funds in the Treasury of the County are all included in the Teeter Plan; other taxing entities may elect to be included in the Teeter Plan. Taxing entities that do not elect to participate in the Teeter Plan will be paid as taxes are collected. Since the District maintains funds in the Treasury of the County, the District is included in the Teeter Plan.

A Teeter Plan is to remain in effect unless the board of supervisors of a county orders its discontinuance or unless, prior to the commencement of any fiscal year of a county (which commences on July 1), the board of supervisors of such county shall receive a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in such county, in which event the board of supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. In the event that the Teeter Plan were terminated, receipt of revenue of ad valorem taxes in the District would depend upon the collections of the ad valorem property taxes and delinquency rates experienced with respect to the parcels within the District.

Direct and Overlapping Debt

Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. effective November 21, 2018 for debt outstanding as of December 1, 2018. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the District in whole or in part. Column two sets forth 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 set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Statement of Direct and Overlapping Bonded Debt

November 21, 2018

2018-19 Assessed Valuation: $12,256,537,793

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable[1]	Debt 12/1/18
Kern Community College District Safety, Repair and Improvement District	13.857%	$16,699,142
Kern Community College District School Facilities Improvement District No. 1	13.773	13,029,927
Kern High School District	21.719	64,755,461
Panama-Buena Vista Union School District	100.000	62,925,000[1]
Kern Delta Water District	51.962	103,924
City of Bakersfield 1915 Act Bonds	22.175-57.226	6,361,163
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$163,874,617
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	13.378%	$12,621,845
Kern County Pension Obligation Bonds	13.378	27,664,683
Kern County Board of Education Certificates of Participation	13.378	4,975,278
Kern Community College District Certificates of Participation	12.443	3,747,138
Kern Community College District Post Employment Benefit Obligation Bonds	12.443	9,681,714
Kern High School District Certificates of Participation	21.719	21,646,241
Panama-Buena Vista Union School District Certificates of Participation	100.000	53,655,000
City of Bakersfield General Fund Obligations	39.776	4,484,744
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$138,476,643
COMBINED TOTAL DEBT		$302,351,260[2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($64,375,000) 0.51%
Combined Direct Debt ($116,580,000) 0.95%
Total Direct and Overlapping Tax and Assessment Debt................1.34%
Combined Total Debt 2.47%

(1) Excludes the Series 2019 Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2019 Bonds, BAM will issue its Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Series 2019 Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

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

Build America Mutual Assurance Company

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

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

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2019 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2019 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2019 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2019 Bonds, nor does it guarantee that the rating on the Series 2019 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $526 million, $113 million and $414 million, respectively.

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

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

BAM makes no representation regarding the Series 2019 Bonds or the advisability of investing in the Series 2019 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2019 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2019 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2019 Bonds, whether at the initial offering or otherwise.

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 Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2019 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 C hereto.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Series 2019 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2019 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 Series 2019 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2019 Bonds is the first price at which a substantial amount of such maturity of the Series 2019 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 Series 2019 Bonds accrues daily over the term to maturity of such Series 2019 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 Series 2019 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2019 Bonds. Beneficial Owners of the Series 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2019 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2019 Bonds is sold to the public.

Series 2019 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 obligations, 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 Series 2019 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019 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 Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 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 Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 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 Series 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2019 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 Series 2019 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 Series 2019 Bonds. Prospective purchasers of the Series 2019 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 Series 2019 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 Series 2019 Bonds ends with the issuance of the Series 2019 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 Series 2019 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 Series 2019 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 Series 2019 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

OTHER LEGAL MATTERS

Legal Opinion

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Bond Counsel expects to deliver an opinion with respect to the Series 2019 Bonds at the time of issuance substantially in the form set forth in Appendix C hereto. Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District.

Legality for Investment in California

Under the provisions of the California Financial Code, the Series 2019 Bonds are legal investments for commercial banks in California to the extent that the Series 2019 Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, the Series 2019 Bonds are eligible securities for deposit of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Series 2019 Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year (which is due no later than March 31, 2020) and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a

Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Initial Purchaser in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC").

A review of the District's compliance with its previous continuing disclosure undertakings was conducted and it was found, during the preceding five years, that the District did not timely file notices of certain rating changes. These reporting obligations relate to bonds that have since been defeased.

In order to assist the District in complying with its continuing disclosure obligations, the District has engaged Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices, as its dissemination agent.

Litigation

No litigation is pending or threatened concerning or contesting the validity of the Series 2019 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 Series 2019 Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the title to their offices of District officers who will execute the Series 2019 Bonds or District officials who will sign certifications relating to the Series 2019 Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the Initial Purchaser at the time of the original delivery of the Series 2019 Bonds.

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

MISCELLANEOUS

Ratings

Moody's Investors Service Inc. has assigned an underlying rating of "A1" to the Series 2019 Bonds. Rating agencies generally base their ratings on their own investigations, studies and assumptions as well as information and materials furnished to them (which may include information and materials from the District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of such rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2019 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, 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 Series 2019 Bonds. Neither the Initial Purchaser (defined herein) nor the District has undertaken any responsibility after the offering of the Series 2019 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, S&P is expected to assign its insured rating of "AA" to the Series 2019 Bonds with the understanding that upon issuance of the Series 2019 Bonds, the Insurance Policy will be delivered by the Insurer. See also "BOND INSURANCE" herein. Such rating is expected to be assigned solely as a result of the issuance of the Insurance Policy and would reflect only S&P's view of the claims-paying ability and financial strength of the Insurer. Neither the Underwriter nor the District has made any independent investigation of the claims-paying ability of the Insurer and no representation is made that the insured rating of the Series 2019 Bonds based upon the purchase of the Insurance Policy will remain the same. The existence of the Insurance Policy will not, of itself, negatively affect the underlying rating. However, any downward revision or withdrawal of any rating of the Insurer may have an adverse effect on the market price or marketability of the Series 2019 Bonds.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2019 Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Series 2019 Bonds. Fieldman, Rolapp & Associates, Inc. is acting as the District's Municipal Advisor with respect to the Series 2019 Bonds and will receive compensation from the District upon the sale and delivery of the Series 2019 Bonds.

Underwriting

The Series 2019 Bonds were purchased by J.P. Morgan Securities LLC (the "Initial Purchaser") as the winner of a competitive bid conducted on February 21, 2019. The Initial Purchaser has agreed to purchase the Series 2019 Bonds at a price of $22,829,508.54. The Initial Purchaser's total discount is $75,641.26. See "THE SERIES 2019 BONDS – Application and Investment of Series 2019 Bond Proceeds."

The Initial Purchaser may offer and sell the Series 2019 Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page of this Official Statement. The public offering prices may be changed from time to time by the Initial Purchaser.

[Remainder of page left intentionally blank.]

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Series 2019 Bonds. Quotations from and summaries and explanations of the Series 2019 Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

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 Series 2019 Bonds.

The District has duly authorized the delivery of this Official Statement.

PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT

By: /s Kevin Silberberg, Ed.D.
Superintendent

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this appendix concerning the operations of the Panama-Buena Vista Union School District (the "District"), the District's finances, and State of California (the "State") funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Series 2019 Bonds are payable from the general fund of the District or from State revenues. The Series 2019 Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County of Kern on property within the District in an amount sufficient for the timely payment of principal of and interest on the Series 2019 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of this Official Statement.

THE DISTRICT

Introduction

On July 1, 1988, the Panama Union School District, founded in 1875, was annexed by the Buena Vista School District to form the District. The District and its predecessor districts have each operated as an elementary school district under the laws of the State.

The District, covering an area of approximately 87 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the county seat of the County of Kern (the "County"). The District provides public education in kindergarten through eighth grade, operating 19 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 10,500 students, is also located within the District.

The District is governed by an independent Board of Trustees consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees. Kevin M. Silberberg, Ed.D., has served as Superintendent of the District since July 2013.

Total assessed valuation of taxable property in the District in fiscal year 2018-19 is $12,256,537,793. The District operates under the jurisdiction of the Kern County Superintendent of Schools.

Board of Trustees

The District is governed by an independent Board of Trustees (the "Board") consisting of five members who are elected at large to overlapping four-year terms at elections held every two years. Each December the Board elects a President, Vice President and Clerk to serve one-year terms. Current voting members of the Board, together with their office and the date their current term expires, are listed below.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)

Board of Trustees

Name	Office	Term Expires
John P. Lake	President	December 2020
Greg White	Vice President	December 2020
Dr. Dean Haddock	Clerk	December 2020
Elynor Cherie Olgin	Trustee	December 2022
Keith Wolaridge	Trustee	December 2022

Superintendent and Business Services Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators. Information concerning the District's Superintendent and the Assistant Superintendent of Business Services is set forth below.

Kevin M. Silberberg, Ed.D., Superintendent. Dr. Kevin Silberberg has been the District's Superintendent since July 1, 2013. He came to the District from Standard School District, where he served as superintendent for six years. In his 31 years as a public educator, Dr. Silberberg has been a teacher, assistant principal, principal, regional director and superintendent.

Glenn Imke, CPA, Assistant Superintendent of Business Services. Glenn Imke joined the District in 2005 as the Director of Fiscal Services and was promoted to Assistant Superintendent Business Services in September 2012. Glenn has over 26 years of experience in public accounting, business management, auditing and finance.

DISTRICT FINANCIAL MATTERS

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 (the "Local Control Funding Formula" or "LCFF" (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" herein) 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" herein). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has projected to receive approximately 88.54% 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 $182.06 million in fiscal year 2018-19. Such amount includes both the State funding provided under the LCFF as well as other State revenues (see "– Allocation of State Funding to School Districts; Local Control Funding Formula," "– Attendance and LCFF," and "–Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the

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 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 education agencies therein implemented the 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" herein 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. The budget requires a simple majority vote of each house of the State Legislature for passage. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. A two-thirds vote of the State Legislature is 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 California 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 upon the 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 Series 2019 Bonds, and the District takes no responsibility for informing owners of the Series 2019 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 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.

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 kindergarten through grade 12 ("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 local control and accountability plan ("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.

Proposed 2019-20 State Budget. The Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 State Budget") on January 10, 2019. The Proposed 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20. However, the Governor cautions that there are uncertainties that must be considered as the budget is revised, including the impact of the global political and economic climate, changes to federal policy, rising costs and risk of recession. The Proposed 2019-20 State Budget estimates that total resources available in fiscal year 2018-19 totaled approximately $149.32 billion (including a prior year balance of approximately $12.38 billion) and total expenditures in fiscal year 2018-19 totaled approximately $144.08 billion. The Proposed 2019-20 State Budget projects total resources available for fiscal year 2019-20 of approximately $147.86 billion, inclusive of revenues and transfers of approximately $142.62 billion and a prior year balance of $5.24 billion. The Proposed 2019-20 State Budget projects total expenditures of $144.19 billion, inclusive of non-Proposition 98 expenditures of approximately $88.90 billion and Proposition 98 expenditures of approximately $55.30 billion. The Proposed 2019-20 State Budget proposes to allocate approximately $1.39 billion of the general fund's projected fund balance to the Reserve for Liquidation of Encumbrances and $2.28 billion of such fund balance to the State's Special Fund for Economic Uncertainties. In addition, the Proposed 2019-20 State Budget estimates the Rainy Day Fund will have a fund balance of $15.30 billion.

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

- Local Control Funding Formula. The Proposed 2019-20 State Budget includes an increase of $2 billion in Proposition 98 general fund resources for the LCFF.

- CalSTRs Pension Costs. The Proposed 2019-20 State Budget includes a $3 billion one-time payment of non-Proposition 98 general fund resources to CalSTRs to reduce long-term liabilities for local educational agencies and community colleges, of which $700 million will go towards buying down employer contribution rates in 2019-20 and 2020-21. The remaining 2.3 billion will be allocated to the employers' long-term unfunded liability.

- Statewide System of Support. The Proposed 2019-20 State Budget includes an increase of $20.2 million of Proposition 98 general fund resources for county offices of education to provide technical assistance to school districts, consistent with the formula adopted in the 2018-19 State Budget.

- Reporting Systems Improvement. The Proposed 2019-20 State Budget includes an increase of $350,000 of one-time Proposition 98 general fund resources to merge the California School

Dashboard, the LCAP electronic template, and other school site and school district reporting tools (including the School Accountability Report Card) into a single web-based application. The consolidated system will provide the public access to a single platform for information, streamline the existing reporting systems and eliminate duplicative and outdated information.

- Special Education. The Proposed 2019-20 State Budget includes $576 million of Proposition 98 general fund resources, of which $186 million is on a one-time basis, to support expanded special education services and school readiness supports at local educational agencies with high percentages of both students with disabilities and unduplicated students who are low-income, youth in foster care, and English language learners.

- Access to Full-Day Kindergarten Programs. The Proposed 2019-20 State Budget includes an increase of $750 million of one-time non-Proposition 98 general fund resources to increase participation in kindergarten programs by constructing new or retrofitting existing facilities for full-day kindergarten programs.

- Longitudinal Education Data. The Proposed 2019-20 State Budget includes an increase of $10 million of one-time non-Proposition 98 general fund resources for the development of a longitudinal data system to improve coordination across educational data systems and track the impact of state investments on achieving educational goals. This system will host student information from early education providers, K-12 schools, higher education institutions, employers, other workforce entities, and health and human services agencies. Stakeholder meetings will be held to consider data reliability and ways to improve data quality at each education segment.

- Proposition 98 Certification. The Proposed 2019-20 State Budget proposes to revise the Proposition 98 certification process to eliminate the cost allocation schedule and prohibit the State from adjusting Proposition 98 funding levels for a prior fiscal year in order to protect local educational agencies from unanticipated revenue drops in past fiscal years.

- School District Average Daily Attendance. The Proposed 2019-20 State Budget includes a decrease of $388 million of Proposition 98 general fund resources in 2018-19 for school districts as a result of a decrease in projected average daily attendance from the 2018-19 State Budget, and a decrease of $187 million of Proposition 98 general fund resources in 2019-20 for school districts as a result of further projected decline in average daily attendance for 2019-20.

- Local Property Tax Adjustments. The Proposed 2019-20 State Budget includes a decrease of $283 million of Proposition 98 general fund resources for school districts and county offices of education in 2018-19 as a result of higher offsetting property tax revenues, and a decrease of $1.25 billion of Proposition 98 general fund resources for school districts and county offices of education in 2019-20 as a result of increased offsetting property taxes

- Cost-of-Living Adjustments. The Proposed 2019-20 State Budget includes an increase of $187 million of Proposition 98 general fund resources to support a 3.46% cost-of-living adjustment for categorical programs that remain outside of the LCFF, including Special Education, Child Nutrition, State Preschool, Youth in Foster Care, the Mandates Block Grant, American Indian Education Centers, and the American Indian Early Childhood Education Program.

- CalWORKs Stages 2 and 3 Child Care. The Proposed 2019-20 State Budget includes a net increase of $119.4 million of non-Proposition 98 general fund resources in 2019-20 to reflect increases in the number of CalWORKs child care cases. Total costs for Stage 2 and Stage 3 child care are $597 million and $482.2 million, respectively.

- Full-Year Implementation of Prior Year State Preschool Slots. The Proposed 2019-20 State Budget includes an increase of $26.8 million of Proposition 98 general fund resources to reflect full-year costs of 2,959 full-day State Preschool slots implemented part-way through fiscal year 2018-19.

- County Offices of Education. The Proposed 2019-20 State Budget includes an increase of $9 million of Proposition 98 general fund resources for county offices of education to reflect a 3.46% cost-of-living adjustment and average daily attendance changes applicable to the LCFF.

- Instructional Quality Commission. The Proposed 2019-20 State Budget includes an increase of $279,000 of one-time non-Proposition 98 general fund resources for the Instructional Quality Commission to continue its work on the development of model curriculum and frameworks.

- Emergency Readiness, Response and Recovery Grant. The Proposed 2019-20 State Budget includes an increase of $50 million of one-time non-Proposition 98 general fund resources to commence a comprehensive, statewide education campaign on disaster preparedness and safety.

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

LAO Overview of Proposed 2019-20 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2019-20 State Budget entitled "The 2019-20 Budget: Overview of the Governor's Budget" on January 14, 2019 (the "2019-20 Proposed Budget Overview"). In the 2019-20 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2019-20 State Budget in light of uncertainties such as market volatility, rising costs and risk of recession. The LAO also highlights key features of the Proposed 2019-20 State Budget, which include prioritizing debt repayments and one-time programmatic spending and the early introduction of new policy goals.

The LAO notes that the Proposed 2019-20 State Budget is in a positive position, based in large part on the availability of significant discretionary resources in the amount of $20.6 billion. The LAO explains that this is due to the administration's higher revenue assumptions and lower-than-expected spending in health and human services programs. The LAO anticipates that capital gains revenues will likely be lower than the Proposed 2019-20 State Budget assumes due to the recent volatility of the financial market, including the sharp decline in stock prices at the end of 2018. However, the LAO suggests that any losses in capital gains revenues would likely be off-set by lower constitutionally required spending and reserve deposits. As a result, the LAO explains that under current conditions, the net effect on discretionary resources would be less than the full revenue decline. Although the LAO maintains a positive outlook on the Proposed 2019-20 State Budget, the LAO recognizes that the current financial market and economic conditions can change significantly and affect revenues in the May Revision of the Proposed 2019-20 State Budget.

The LAO summarizes that the Proposed 2019-20 State Budget allocates $20.6 billion in discretionary resources among a variety of priorities, including $9.7 billion for reducing debts and liabilities on a one-time basis, $5.1 for programmatic spending on a one-time basis, $2.7 billion for ongoing spending and $3 billion for reserves. The LAO points out that the Proposed 2019-20 State Budget uses a significant portion of discretionary resources for debt repayment and prioritizes one-time spending for programmatic expansions. The LAO finds this allocation prudent even though the Proposed 2019-20 State Budget apportions a smaller share of resources for reserves than recent budgets. The LAO explains that this approach benefits the budget in future years and in some cases reduces ongoing spending growth.

The LAO notes that the Proposed 2019-20 State Budget apportions $2.7 billion for ongoing spending, which will reach an estimated $3.5 billion under full implementation as costs grow over time. The LAO explains that these expenditure levels are in line with estimates of available ongoing resources. However, the LAO cautions that these costs could grow due to various uncertainties not captured in the spending proposals, such as increased costs for CalWORKs grants in case of recession and costs for disaster mitigation, response and recovery. The LAO further notes that while the Proposed 2019-20 State Budget includes mostly one-time spending for these purposes, they are more likely to be ongoing costs.

The LAO explains that the Proposed 2019-20 State Budget establishes a number of policy goals, including developing a plan for implementing universal preschool, negotiating existing state prescription drug prices and reviewing related negotiation and procurement practices, and expanding paid family leave. The LAO notes that these proposals are still in the process of development and, therefore, are not reflected in the administration's budget bottom line. The LAO finds that by proposing these policy goals at the beginning of the budget process, the Governor gives the State Legislature the opportunity to collaborate with the administration to shape these policies.

The 2019-20 Proposed Budget Overview is available on the LAO website at www.lao.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2019-20 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Governor's budget proposal. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2019-20 State budget from the Proposed 2019-20 State Budget. Additionally, the District cannot predict the impact that the final fiscal year 2019-20 State budget, or subsequent budgets, will have on its finances and operations. The final fiscal year 2019-20 State budget may be affected by national and State economic conditions and other factors which the District cannot predict.

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 2019-20 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 Series 2019 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 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 an 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 has been 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 "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Assembly Bill No. 26 & California Redevelopment Association v. Matosantos" herein). 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.

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 California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the 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 revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base grant ("Base Grant") per unit of average daily attendance ("A.D.A.") with additional supplemental funding (the "Supplemental Grant") allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF was projected to have 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 ("LEA"). The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2018-19, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $8,235 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,571 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $7,796 per A.D.A. for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to $9,269 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. Further, this amount also includes the higher costs-of-living adjustment of 3.70% authorized by the 2018-19 State Budget, which is known as "super COLA."

- 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 LEA's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the LEA that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "ERT") that is intended to ensure that almost every LEA 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, LEAs would receive the greater of the Base Grant or the ERT.

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

Local Control Accountability 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 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.

Attendance and LCFF. The following table sets forth the District's actual 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 2013–14 through 2018–19, respectively. The A.D.A. and enrollment numbers reflected in the following table include special education.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013–14 through 2018–19

		A.D.A./Base Grant				Enrollment[9]	
Fiscal Year		K-3	4-6	7-8	Total A.D.A.	Total Enrollment	Unduplicated Percentage of EL/LI Students
2013-14	A.D.A.[2]:	7,523.54	5,496.49	3,789.56	16,809.59	17,585	65.68%
	Targeted Base Grant[3]:	$7,675	$7,056	$7,266	–	–	–
2014-15	A.D.A.[2]:	7,525.39	5,497.49	3,786.42	16,809.30	17,566	65.55%
	Targeted Base Grant[3][4]:	$7,740	$7,116	$7,328	–	–	–
2015-16	A.D.A.[2]:	7,610.77	5,619.33	3,717.44	16,947.54	17,643	66.54%
	Targeted Base Grant[3][5]:	$7,820	$7,189	$7,403	–	–	–
2016-17	A.D.A.[2]:	7,958.33	5,532.00	3,833.71	17,324.04	17,900	67.49%
	Targeted Base Grant[3][6]:	$7,820	$7,189	$7,403	–	–	–
2017-18	A.D.A.[2]:	7,940.41	5,706.00	3,933.00	17,579.41	18,250	69.47%
	Targeted Base Grant[3][7]:	$7,941	$7,301	$7,518	–	–	–
2018-19[1]	A.D.A.[1]:	7,997.56	5,736.73	3,965.45	17,699.74	18,422	70.41%
	Targeted Base Grant[3][8]:	$8,235	$7,571	$7,796	–	–	–

____
(1) Figures are projections based on the adoption of the first interim report for fiscal year 2018-19; these projections will be revised throughout such fiscal year.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and include the grade span adjustment, but do not include any supplemental and concentration grants under the LCFF. Such amounts were not expected to be fully funded in fiscal years shown above. However, the LCFF is now fully implemented as of the current fiscal year 2018-19 – two years ahead of its anticipated implementation.
(4) Targeted fiscal year 2014–15 Base Grant amount reflects a 0.85% cost-of-living adjustment from targeted fiscal year 2013–14 Base Grant amounts.
(5) Targeted fiscal year 2015–16 Base Grant amount reflects a 1.02% cost-of-living adjustment from targeted fiscal year 2014–15 Base Grant amounts.
(6) 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.
(7) 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.
(8) 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. This "super COLA" amount was authorized by the 2018-19 State Budget and exceeds the statutory 2.71% cost-of-living adjustment.
(9) Reflects enrollment as of October report submitted to the California Department of Education through CBEDS for the 2013-14 and 2014-15 school years and California Longitudinal Pupil Achievement Data System ("CALPADS") for the 2015-16 through 2017–18 school year. For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was 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 was 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 was 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: Panama-Buena Vista Union School District.

The District received approximately $155.68 million in aggregate revenues reported under LCFF sources in fiscal year 2017-18 and has projected to receive approximately $170.16 million in aggregate revenues under the LCFF in fiscal year 2018-19 (or approximately 82.75% of its general fund revenues in fiscal year 2018-19). Such amount includes supplemental grants and concentration grants projected to be approximately $19,744,000 and $10,803,000, respectively, in fiscal year 2018-19.

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 and following and Sections 95 and following of the California 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," which are now referred to as "community funded districts." School districts that received some State equalization 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, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "State Funding of Education; State Budget Process – *Allocation of State Funding to School Districts; Local Control Funding Formula*" herein for more information about the LCFF.

Local property tax revenues account for approximately 7.02% of the District's aggregate revenues reported under LCFF sources and are projected to be approximately $11.95 million, or 5.87% of total general fund revenues in fiscal year 2018-19.

For information about the property taxation system in California and the District's property tax base, see the sections titled "– Property Taxation System," "– Assessed Valuation of Property within the District," and "– Tax Charges and Delinquencies" under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2019 BONDS" in the front portion of the Official Statement

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" below.

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

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

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

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 5.12% (or approximately $10.53 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, consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs. Other State revenues comprise approximately 11.60% (or approximately $23.85 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 approximately $3.4 million for fiscal year 2018-19.

Other Local Revenues. In addition to ad valorem property taxes, the District receives additional local revenues from sources such as interest income, leases and rentals, educational foundations, donations and sales of property. Other local revenues comprise approximately 0.53% (or approximately $1.08 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 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 B.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. The following tables contain data abstracted from financial statements prepared by the District's independent auditor, Daniells Phillips Vaughan & Bock, CPAs & Advisors, Bakersfield, California, for fiscal years 2013-14 through 2017-18.

Daniells Phillips Vaughan & Bock has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District is required by law to adopt its audited financial statements after a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The table on the following page sets forth the statement of revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2013–14 through 2017–18.

[Remainder of page left intentionally blank.]

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013–14 through 2017–18

	Fiscal Year 2013–14	Fiscal Year 2014–15	Fiscal Year 2015–16	Fiscal Year 2016–17	Fiscal Year 2017–18
Revenues:					
LCFF Sources:					
State apportionments	$ 98,884,078	$111,224,141	$125,222,695	$135,139,059	$139,633,683
Local sources	11,594,401	11,259,127	13,393,985	14,722,208	16,046,870
Federal sources	6,701,606	8,189,579	7,539,629	8,582,569	10,852,781
Other state	16,506,510	13,855,284	30,004,934	23,764,161	26,862,254
Other local	1,398,890	1,561,703	1,694,982	2,389,067	1,567,205
Total Revenues	135,085,485	146,089,834	177,856,225	184,597,064	194,962,793
Expenditures:					
Instruction	84,490,013	91,791,510	100,986,526	111,952,888	123,023,014
Supervision of instruction	5,469,063	6,648,260	4,142,274	5,074,596	4,993,383
Instructional library, media and technology	1,565,904	1,570,245	1,687,126	1,800,807	1,877,953
School administration	7,892,896	8,027,581	8,989,371	9,616,103	10,651,013
Home-to-school transportation	2,757,925	2,990,356	3,439,428	3,844,140	5,533,885
All other pupil services	8,500,972	9,093,288	10,707,721	12,493,226	15,421,101
Data processing services	895,918	831,006	1,100,069	1,490,464	1,622,356
All other general administration	4,371,372	4,856,687	5,168,822	5,479,751	6,093,996
Plant services	14,296,462	14,781,956	16,706,704	15,758,604	17,653,170
Facility acquisition and construction	170,568	17,301	2,715,771	873,385	1,410,354
Ancillary services	91,678	73,874	54,578	72,559	74,561
Community services	138,088	170,741	149,768	148,291	153,323
Transfers between agencies	7,418,151	7,625,711	11,003,019	9,872,062	5,474,656
Debt service:					
Principal	92,806	–	–	1,764,706	1,764,706
Interest	23,466	5,003	34,521	200,000	200,000
Cost of issuance	–	–	100,521	–	–
All Other Financing Uses	–	2,110,660	–	–	–
Total expenditures	138,175,282	150,594,179	166,986,219	180,441,582	195,947,471
Excess (deficiency) of revenues over expenditures	(3,089,797)	(4,504,345)	10,870,006	4,155,482	(984,678)
Other financing sources (uses):					
Transfers in	100,000	1,523,377	1,796,371	75,989	483,950
Transfers out	(2,337,809)	–	(46,180)	(32,685)	(85,766)
Total other financing sources (uses)	(2,237,809)	1,523,377	1,750,191	43,304	398,184
Net change in fund balances	(5,327,606)	(2,980,968)	12,620,197	4,198,786	(586,494)
Fund balances, July 1, as originally stated	16,920,619	12,011,393	10,010,468	22,630,665	26,829,451
Prior period adjustments[1]	418,380	980,043	–	–	(392,852)
Fund balances, July 1, as restated	17,338,999	12,991,436	10,010,468	–	26,436,599
Fund balances, June 30	$ 12,011,393	$ 10,010,468	$ 22,630,665	$ 26,829,451	$ 25,850,105

[1] The beginning fund balances for fiscal years 2013-14, 2014-15 and 2017-18 do not match the ending balance for the prior fiscal year due to adjustments made to correct previous errors. In fiscal year 2013-14, the beginning net position for the General Fund was increased by $418,380 to correct for previous overstatements of accrued vacation. In fiscal year 2014-15, the beginning net position for the General Fund was increased by $980,043 to correct for understatements in accounts receivable and accrued vacation, as well as accrued interest that was deposited to the incorrect fund. In fiscal year 2017-18, the General Fund beginning balance was decreased by $392,852 to correct a prior over accrual of accounts receivable due to the District from Parent Club accounts.
Source: Panama-Buena Vista Union School District Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The following table shows the general fund balance sheet of the District for fiscal years 2013–14 through 2017–18.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Summary of General Fund Balance Sheet
Fiscal Years 2013–14 through 2017–18

	Fiscal Year 2013-14	Fiscal Year 2014–15	Fiscal Year 2015–16	Fiscal Year 2016-17	Fiscal Year 2017–18
Assets					
Cash	$12,195,997	$12,909,007	$21,720,495	$32,157,124	$28,511,744
Accounts receivable	19,107,392	4,009,699	5,183,320	5,536,738	5,969,084
Due from other funds	12,699,397	1,756,934	4,136,504	545,646	1,187,854
Stores inventories – supplies	298,844	372,366	391,999	283,246	281,803
Total assets	$44,301,630	$19,048,006	$31,432,318	$38,522,754	$35,950,485
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 6,928,302	$ 6,609,296	$ 7,952,431	$ 10,777,895	$ 8,632,213
Due to other funds	4,171,913	1,843,595	320,872	393,915	646,661
Tax revenue anticipation note	20,703,880	-	-	-	-
Unearned revenue	486,142	584,647	528,350	521,493	821,506
Total Liabilities	32,290,237	9,037,538	8,801,653	11,693,303	10,100,380
Fund balances:					
Nonspendable:					
Revolving fund	57,850	64,625	43,806	56,415	66,054
Stores inventories	298,844	372,366	391,999	283,245	281,803
Endowments	29,050	16,050	16,050	16,050	16,050
Restricted for:					
Educational programs	4,111,336	1,112,948	2,348,627	743,374	1,700,162
Debt service	2,223,251	-	12,070	21,267	12,071
Committed to:					
Capital projects	-	-	14,808,526	14,015,551	17,880,354
Unassigned/Unappropriated:	-				
Reserve for economic uncertainties	5,291,062	8,444,479	5,009,587	11,693,549	5,893,611
Total Fund Equity	12,011,393	10,010,468	22,630,665	26,829,451	25,850,105
Total Liabilities and Fund Equity	$44,301,630	$19,048,006	$31,432,318	$38,522,754	$35,950,485

Source: Panama-Buena Vista Union School District Audited Financial Reports for fiscal years 2013–14 through 2017–18.

District Budget Process and County Review

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

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

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

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

Subsequent to approval, the county superintendent will monitor each 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 the subsequent year's 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) develop and impose, after also consulting with the district's governing board, 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 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that 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 the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30. 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 next succeeding year. In the last five years, the District has not received a qualified or negative certification in connection with its first interim reports or second interim reports.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from ad valorem taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent of schools, receive an emergency appropriation from the State, the acceptance of which constitutes an agreement to submit to management of the school district by a Superintendent appointed administrator.

In the event the State elects to provide an emergency appropriation to a school district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the school district. State law provides that so long as such bonds are outstanding, the recipient school district (via its State-appointed administrator) cannot file for bankruptcy.

The following table sets forth the District's adopted general fund budgets for fiscal years 2015-16 through 2018-19, unaudited actuals for fiscal years 2016-17 and 2017-18, and first interim report for fiscal year 2018-19.

[Remainder of page left intentionally blank.]

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
General Fund Budgets for Fiscal Years 2016-17 through 2018-19, Unaudited Actuals for Fiscal Years 2016-17 and 2017-18 and First Interim Report for Fiscal Year 2018-19

	2016-17 Original Adopted Budget	2016-17 Unaudited Actuals	2017-18 Original Adopted Budget	2017-18 Unaudited Actuals	2018-19 Original Adopted Budget	2018-19 First Interim Report[1]
REVENUES						
LCFF Sources	$146,586,954.00	$149,861,266.74	$154,964,219.00	$155,680,552.00	$169,009,147.00	$170,162,041.00
Federal Revenue	7,402,997.37	8,582,569.54	9,642,541.37	10,852,782.66	10,532,378.00	10,532,378.00
Other State Revenue	17,846,424.83	23,764,160.69	18,501,298.51	26,862,254.43	26,654,364.51	23,849,877.51
Other Local Revenue	1,228,541.33	2,389,066.99	1,276,023.21	1,567,204.37	1,084,817.11	1,084,817.11
TOTAL REVENUES	173,064,917.53	184,597,063.96	184,384,082.09	194,962,793.46	207,280,706.62	205,629,113.62
EXPENDITURES						
Certificated Salaries	74,736,817.23	75,706,813.71	79,114,749.80	83,777,339.95	87,900,188.33	87,900,188.33
Classified Salaries	24,698,171.27	25,161,357.86	26,457,755.30	28,736,319.49	31,152,836.08	31,152,836.08
Employee Benefits	41,441,199.01	45,978,957.92	52,271,663.03	53,029,300.38	59,159,995.17	59,159,995.17
Books and Supplies	6,040,864.52	8,499,432.95	8,180,049.61	7,856,744.82	8,589,173.18	8,589,173.18
Services, Other Operating Expenses	12,531,663.79	12,104,410.13	11,602,651.98	12,073,484.41	13,562,244.04	13,562,244.04
Capital Outlay	60,262.36	1,547,579.83	533,260.80	3,531,143.16	1,315,838.49	1,315,838.49
Other Outgo (excluding Direct Support/Indirect Costs)	11,583,680.00	11,836,767.59	6,707,656.00	7,439,362.14	4,116,105.95	4,116,105.95
Other Outgo – Transfers of Indirect Costs	(426,201.84)	(393,737.63)	(416,952.00)	(406,880.83)	(464,830.93)	(464,830.93)
TOTAL EXPENDITURES	170,666,456.34	180,441,582.36	184,450,834.52	196,036,813.52	205,331,550.31	205,331,550.31
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,398,461.19	4,155,481.60	(66,752.43)	(1,074,020.06)	1,949,156.31	297,563.31
OTHER FINANCING SOURCES (USES)						
Inter-fund Transfers In	-	75,989.13	-	483,949.61	29,600.00	29,600.00
Inter-fund Transfers Out	-	(32,685.01)	-	(76,569.81)	(3,400,000.00)	(1,960,000.00)
Other Sources (Uses)	-	-	-	-	-	-
Contributions	–	–	–	–	–	–
TOTAL, OTHER FINANCING SOURCES (USES)	–	43,304.12	–	407,379.80	(3,370,400.00)	(1,930,400.00)
NET INCREASE (DECREASE) IN FUND BALANCE	2,398,461.19	4,198,785.72	(66,752.43)	(666,640.26)	(1,421,243.69)	(1,632,836.69)
BEGINNING BALANCE, as of July 1	18,173,762.71	22,503,001.23	20,504,316.56	26,829,451.53	23,507,115.20	26,829,451.55
Audit Adjustments	-	-	-	-	-	-
As of July 1 – Audited	18,173,762.71	22,503,001.23	20,504,316.56	26,829,451.53	23,507,115.20	26,829,451.55
Other Restatements	-	127,664.59	-	(392,850.75)	-	-
Adjusted Beginning Balance	18,173,762.71	22,630,665.82	20,504,316.56	26,436,600.78	23,507,115.20	26,829,451.55
ENDING BALANCE	$20,572,223.90	$26,829,451.54	$20,437,564.13	$25,769,960.52	$22,085,871.51	$25,196,614.86
Unrestricted Ending Balance	$20,000,066.57	$26,098,501.29	$19,900,928.82	$24,082,262.81	$21,354,921.26	$24,465,664.61
Restricted Ending Balance	$572,157.33	$730,950.25	$536,635.31	$1,687,697.71	$730,950.25	$730,950.25

____
(1) Figures are projections.
Source: Panama-Buena Vista Union School District adopted general fund budgets for fiscal years 2016-17 through 2018-19; unaudited actuals for fiscal years 2015-16 and 2017-18; and first interim report for fiscal year 2018-19.

District Debt Structure

Long-Term Debt Summary. A schedule of changes in the District's long-term obligations for the year ended June 30, 2018, consisted of the following:

Long-Term Debt	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year	Due After One Year
General Obligation Bonds[1]						
Series A Bonds (2013)	$14,870,000	$ -	$ -	$14,870,000	$ -	$14,870,000
Unamortized premium	162,897	-	6,286	156,611	6,286	150,325
Total Series A Bonds (2013)	15,032,897	-	6,286	15,026,611	6,286	15,020,325
Series B Bonds (2015)	28,110,000	-	535,000	27,575,000	560,000	27,015,000
Unamortized premium	1,628,986	-	58,569	1,570,417	58,568	1,511,849
Total Series B Bonds (2015)	29,738,986	-	593,569	29,145,417	618,568	28,526,849
Series T-1 Bonds (2015)	2,635,000	-	705,000	1,930,000	890,000	1,040,000
Series C Bonds (2017)	20,000,000	-	-	20,000,000	-	20,000,000
Unamortized premium	1,593,993	-	56,877	1,537,116	56,877	1,480,239
Total Series C Bonds (2017)	21,593,993	-	56,877	21,537,116	56,877	21,480,239
Total General Obligation Bonds	69,000,876	-	1,361,732	67,639,144	1,571,731	66,067,413
Certificates of participation	25,265,000	-	795,000	24,470,000	815,000	23,655,000
Unamortized premium	2,488,054	-	116,083	2,371,971	116,083	2,255,888
Total Certificates of Participation	27,753,054	-	911,083	26,841,971	831,083	25,910,888
Qualified Zone Academy Bond	28,235,294	-	1,764,706	26,470,588	1,764,706	24,705,882
Capital Leases	42,000		21,000	21,000	21,000	-
Grand Total	$125,031,224	$ -	$4,058,521	$120,972,703	$4,288,520	$116,684,183

____
(1) Does not include the Series 2019 Bonds.
Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2017-18.

General Obligation Bonds. In addition to the Series 2019 Bonds, the District has outstanding four series of general obligation bonds, each of which is secured by ad valorem taxes levied upon all property subject to taxation by the District on a parity with the Series 2019 Bonds.

See "THE SERIES 2019 BONDS – Outstanding Bonds" and "– Aggregate Debt Service" in the front portion of this Official Statement for more information about such outstanding bonds.

[Remainder of page left intentionally blank.]

Certificates of Participation. On August 2, 2006, the District executed and delivered its Certificates of Participation (2006 School Construction) in the aggregate principal amount of $33,880,000 (the "2006 Certificates") to finance the acquisition, construction and improvement of two school construction projects located within the District. On April 23, 2015, the District executed and delivered its Refunding Certificates of Participation (2006 School Construction Project), Series 2015, in the aggregate principal amount of $26,920,000 (the "Refunding Certificates"), to prepay the outstanding 2006 Certificates. The Refunding Certificates mature through 2037 as follows:

Year ending June 30,	Interest Rate	Principal	Interest	Total
2019	4.0%	$ 815,000	$ 1,055,677	$ 1,870,677
2020	5.0	850,000	1,018,768	1,868,768
2021	5.0	900,000	966,435	1,866,435
2022	5.0	945,000	923,455	1,868,455
2023	5.0	985,000	874,551	1,859,551
2024-2028	5.0	5,715,000	3,552,411	9,267,411
2029-2033	3.375% -5.0%	7,290,000	1,926,403	9,216,403
2034-2037	3.375% -3.5%	6,970,000	418,174	7,388,174
	Totals	$24,470,000	$10,735,874	$35,205,874

____
Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2017-18.

Qualified Zone Academy Bonds (QZAB). On March 17, 2016 and April 27, 2016, the District issued $10,000,000 and $20,000,000, respectively of Qualified Zone Academy Bonds ("QZAB") for the purpose of energy efficiency improvements such as solar arrays at school sites, lighting upgrades and energy management. Both QZABs are lease obligations of the District payable from the General Fund. The $10,000,000 QZAB matures in August 18, 2033 and is non-interest bearing. Such QZAB is payable outstanding as of June 30, 2018, as follows:

Year ending June 30,		Lease Payments
2019		$ 588,235
2020		588,235
2021		588,235
2022		588,235
2023		588,235
2024-2028		2,941,176
2029-2033		2,941,176
	Totals	$8,823,527

____
Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2017-18.

[Remainder of page left intentionally blank.]

The $20,000,000 QZAB matures on April 27, 2033, and bears an interest rate of 1% per annum. Interest payments start on April 27, 2017 and are paid annually as indicated. Such QZAB is payable outstanding as of June 30, 2018, as follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 1,176,471	$ 200,000	$ 1,376,471
2020	1,176,471	200,000	1,376,471
2021	1,176,471	200,000	1,376,471
2022	1,176,471	200,000	1,376,471
2023	1,176,471	200,000	1,376,471
2024-2028	5,882,353	1,000,000	6,882,353
2029-2033	5,882,353	1,000,000	6,882,353
Totals	$17,647,061	$3,000,000	$20,647,061

Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2017-18.

Capital Leases. The California Department of Education ("CDE") and the District entered into a contract and lease-to-own agreement for the pre-kindergarten facility at Seibert Elementary. The CDE paid $210,000 for the purchase and installation of the facility. The District agreed to lease the facility with no interest for 10 years. Under terms of the lease the title will be transferred to the District upon repayment of the entire amount of the funds. The future minimum lease payments are as follows:

Year ending June 30,	Lease Payments
2019	$21,000

Source: Panama-Buena Vista Union School District Audited Financial Report for fiscal year 2017-18.

Other Post-Employment Benefits (OPEBs). In addition to the retirement plan benefits with CalSTRS, the State Public Employees' Retirement System ("CalPERS") and the State Teachers Retirement Plan ("STRP") (see "– Retirement Benefits" below), the District participates in the Panama-Buena Vista Union School District Postemployment Benefits Plan (the "Plan"), which is a single-employer, defined benefit healthcare plan administered by Self-Insurance Schools of California ("SISC"). The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). Medical benefits include inpatient services at 80% and other base benefits include surgery, anesthesia, diagnostic x-ray and laboratory services. Major medical has a $200 deductible with a family maximum of $500.

The District's Board of Trustees has the authority to establish and amend benefit provisions. Certificated employees who retire from the District on or after attaining age 59 with at least 15 years of service or attaining age 55 with at least 20 years of service, and classified employees who retire on or after attaining age 60 with at least 10 years of service or attaining age 55 with at least 20 years of service, are eligible to participate in the Plan. Coverage for retirees is until age 65. There were 99 retirees who met these eligibility requirements at June 30, 2018. For a description of the District's program, see Note 16 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

In June 2015, the Governmental Accounting Standards Board ("GASB") issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("Statement Number 75"). Other post-employment benefits (meaning other than pension benefits) ("OPEB") generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. The objective of Statement Number 75 is to improve accounting and financial reporting by the State and local governments for OPEB by requiring the recognition of entire OPEB liability, a more comprehensive measure of OPEB expense, new note disclosures and certain required supplementary information. In addition, Statement Number 75 sets forth additional accounting methods to improve the usefulness of information about OPEB included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. Statement Number 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. Statement Number 75 replaces GASB Statements Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and Number 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. Statement Number 75 is effective for periods beginning after June 15, 2017. The District has implemented Statement Number 75 for fiscal year 2017-18.

The contribution requirements of plan members and the District are established by the District's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Trustees. For fiscal year 2017-18, the District contributed $2,664,178 to the Plan, of which $2,147,178 was used for current premiums and $517,000 was used to fund the Self-Insured Schools of California (SISC) GASB 75 Trust (the "Trust"). For more information about the District's annual required contribution for fiscal year 2015-16 and the District's net OPEB obligation and prefunding of benefits at June 30, 2018, see Note 16 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Rael & Letson, Consultants and Actuaries, San Mateo, California, has prepared an actuarial valuation (the "Actuarial Valuation") covering the District's retiree health benefits and reports that, as of June 30, 2017 valuation date, the District had 99 current retirees as well as 1,396 active employee members. The Actuarial Valuation reports that, as of June 30, 2017, the District had a total OPEB liability of $27,537,600. The fiduciary net position (meaning the market value of assets held in the Trust) is $3,336,500, which results in a net OPEB liability of $24,201,100. The District's funding policy is to make irrevocable contributions to the Trust equal to 20% of each year's expected net retiree welfare benefit payment. The Actuarial Valuation assumes, among other things, a 6.5% discount rate and an annual healthcare cost trend rate of 6% initially, reduced by decrements to an ultimate rate of 4%.

Tax and Revenue Anticipation Notes. The most recent fiscal year in which the District issued tax and revenue anticipation notes ("TRANS") was fiscal year 2013-14. The District does not expect to issue TRANS or borrow funds to supplement the District's cash flow in fiscal year 2018-19. The District may issue TRANS or borrow funds in future fiscal years as and if necessary to supplement cash flow.

Employment

As of January 30, 2019, the Full-Time-Equivalent (FTE) staff employed by the District totaled 1,061 certificated employees and 1,011 classified employees. For fiscal year 2017-18, the total certificated and classified payrolls for all funds were approximately $83.72 million and $28.74 million, respectively, and are projected to be approximately $87.90 million and $31.15 million, respectively, in fiscal year 2017-18. These employees, except management, supervisory and temporary employees, are represented by the bargaining units as noted below.

Name of Bargaining Unit	Number of FTEs Represented	Current Contract Expiration Date
Panama-Buena Vista Teachers Association/CTA/NEA	951	June 30, 2021
California School Employees Association (CSEA)	723	June 30, 2020
Teamsters Local #87	189	June 30, 2021

Source: Panama-Buena Vista Union School District.

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and 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, covered employees contributed 8.00% 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). Prior to fiscal year 2014-15 and unlike typical defined benefit programs such as those administered by CalPERS, neither the CalSTRS employer nor the State contribution rate varied annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the member and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to 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 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. However, on July 1, 2018, for members hired on or after January 1, 2013, the rate increased from 9.205% of pay to 10.250% of pay. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, plus the continued payment of 2.5% of payroll annual for a supplemental inflation protection program for a total of 9.328%. 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 7.00% 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 3.00% 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 million 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 62.6%, 63.7%, and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions. 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," a 7.00% investment return assumption consistent with the State Teachers' Retirement Board's decision on February 1, 2017, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% 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 "−Governor's Pension Reform" 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.

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

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	18.13
2020	19.10

Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions and the State's non-employer contributions on-behalf of the District to CalSTRS for fiscal years 2014-15 through 2017-18 and the projected contributions for fiscal year 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Contributions to CalSTRS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	District Contribution	State's STRS On-Behalf Amounts
2014-15	$ 5,824,253	$ 3,271,000
2015-16	7,333,367	4,300,994
2016-17	9,193,695	5,502,559
2017-18	11,605,321	6,087,167
2018-19[1]	13,318,639	6,500,000

[1] First interim report for fiscal year 2018-19.
Source: Panama-Buena Vista Union School District

The District's total employer contributions to CalSTRS for fiscal years 2014-15 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 future fiscal years as compared to prior fiscal years.

The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

CalPERS. All qualifying classified employees of K-12 districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participating in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

The districts are currently required to contribute to PERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17, and 2017-18, respectively, and 18.062% of eligible salary expenditures for fiscal year 2018-19. Plan participants enrolled in PERS prior to January 1, 2013 contribute 7% of their respective salaries, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which was 6% of their respective salaries in fiscal years 2015-16 and 2016-17, 6.50% in fiscal year 2017-18 and 7.00% in fiscal year 2018-19.

On April 17, 2013, the PERS board of administration (the "PERS Board") approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year amortization period for gains and losses and a five-year ramp-up of rates at the start and a five year ramp-down of rates at the end. The PERS Board delayed the implementation of the new policies until fiscal year 2015-16 for the State, schools and all other public agencies. In December

2016, the PERS Board voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19 and 7.0% beginning in fiscal year 2019-20. The new discount rate for the State went into effect beginning July 1, 2017 and the new discount rate for school districts became effective July 1, 2018. With regards to districts that contract with PERS to administer their pension plans, the change in the assumed rate of return is expected to result in increases in such districts' normal costs and unfunded actuarial liabilities.

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

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation assumption rate from 2.75% to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, (iii) and certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

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

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

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2014-15 through 2017-18 and the projected contribution for fiscal year 2018-19.

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT
(Kern County, California)
Contributions to CalPERS for Fiscal Years 2014-15 through 2018-19

Fiscal Year	Contribution
2014-15	$2,045,146
2015-16	7,333,367
2016-17	3,276,115
2017-18	4,310,976
2018-19[(1)]	5,070,773

(1) First interim report for fiscal year 2018-19.
Source: Panama-Buena Vista Union School District

The District's total employer contributions to CalPERS for fiscal years 2014-15 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 "–Governor's Pension Reform" 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.

Governor's Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is $127,200 for 2017, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

SISC Defined Benefit Plan. The District contributes to the SISC Defined Benefit Plan ("SDBP"), a cost-sharing multiple employer public employee retirement plan. The District is part of a "cost sharing" pool with SDBP. One actuarial valuation is performed for those employers participating in the pool and the same contribution rate applies to each. SDBP provides for retirement benefits established by California Government Code Section 6507, which created SISC.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC III Board of Directors. The required employer contribution rate was 4.4% of the annual payroll for fiscal year 2015-16, 3.2% of annual payroll for fiscal year 2014-15 and 3.1% for fiscal year 2013-14. The contribution requirements of the SDBP members are stablished by State statute. The District's contribution to SDBP for fiscal years 2015-16, 2016-17 and 2017-18 were $185,406, $217,232 and $203,067, respectively, and were equal to the required contributions for each year.

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. CalSTRS, CalPERS and SDBP are more fully described in Note 15 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

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 will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); (ii) full pension costs are shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates are 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 are required to be used for certain purposes of the financial statements, which generally increases 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.

Insurance, Risk Pooling and Joint Powers Agreements and Joint Ventures

The District participates in six joint ventures under joint powers agreements ("JPAs"): three with SISC, one with Partners in Nutrition Cooperative ("PinCo"), one with School District Facility Services and one with Schools Legal Services. The relationship between the District and the JPAs are such that they are not component units of the District for financial reporting purposes. These entities have budgeting and financial reporting requirements independent of member units.

Self-Insured Schools of California (SISC) arranges for and provides insurance for its members.

Partners in Nutrition Cooperative (PinCO) coordinates the acquisition, storage and distribution of commodities and other related food product to member districts in the State.

School District Facility Services (SDFS) provides administrative services to member districts pursuant to various statutory provisions related to the collection of School Facilities Fees (formerly Developer Fees) levied on new construction and/or other school facilities issues pertinent to school construction funding. Member districts are limited to public school districts or other public educational entities within the County and the County Superintendent of Schools.

Schools Legal Services (SLS) is a legal services consortium serving school and community college districts and county offices of education. The service is based in Bakersfield and is administered by the County Superintendent of Schools and serves agency members throughout the State.

See Note 12 to the District's audited financial statements attached hereto as APPENDIX B—"FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018" for more information.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the 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.

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 California 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. 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 California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("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 California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. 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 California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

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 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 districts and the K-14 districts 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, California voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the 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 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 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 districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 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.

Assembly Bill No. 26 & California Redevelopment Association v. Matosantos

On February 1, 2012, pursuant to the California Supreme Court's decision in California Redevelopment Association v. Matosantos, Assembly Bill No. 26 (First Extraordinary Session) ("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 were 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.

It is possible that there will be additional legislation proposed and/or enacted to clarify 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.

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 beginning with the 2012 tax year and ending with the 2019 tax year, and (b) increased the sales and use tax by one-quarter percent for a period of four years beginning on January 1, 2013 and ending with the 2016 tax year. 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 the voters on November 8, 2016, extends by 12 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 income tax increase under Proposition 55 will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

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

Proposition 2

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

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

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 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 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 immediate 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 Series 2019 Bonds are payable from ad valorem taxes to be levied within the District pursuant to the California 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 Series 2019 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.

APPENDIX B

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

Bakersfield, CA

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2018

Kevin Silberberg, Ed.D
Superintendent

Glenn Imke, CPA, CBO
Assistant Superintendent, Business Services

Tracy Webster, MBA, CBO
Director of Fiscal Services
(through July 19, 2018)

Katie Gonzalez, MBA
Director of Fiscal Services
(effective August 20, 2018)

4200 Ashe Road
Bakersfield, CA 93313
(661) 831-8331
www.pbvusd.k12.ca.us

PANAMA-BUENA VISTA UNION SCHOOL DISTRICT

A K-8 School District

Bakersfield, California

Panama-Buena Vista Union School District, a K-8 school district is located in Bakersfield, California.

TABLE OF CONTENTS

INTRODUCTORY SECTION

Panama-Buena Vista Union School District

KEVIN SILBERBERG, Ed.D.
District Superintendent

4200 Ashe Road
Bakersfield, CA 93313
(661) 831-8331 FAX (661) 398-2141

January 10, 2019

To Honorable Board of Trustees and Citizens of the Panama-Buena Vista Union School District:

We hereby submit the Comprehensive Annual Financial Report of the Panama-Buena Vista Union School District for the fiscal year ended June 30, 2018 (FY 2018). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with district management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

This report is prepared in conformance with generally accepted accounting principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). This report is consistent with legal reporting requirements of the State of California. The report also includes information regarding State and Federal Compliance, which is designed to meet the reporting requirements of the Office of the California State Controller, the U. S. Government Accountability Office, the U. S. Office of Management and Budget, and the Single Audit Act Amendments of 2013.

The district's financial statements have been audited by Daniells Phillips Vaughan & Bock, a certified public accounting firm. They have issued an unmodified ("clean") opinion on the district's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

The report also includes a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). It provides an objective and easily readable analysis of the district's financial activities on both a short and long-term basis. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditor.

Profile of the District

Panama-Buena Vista Union School District, one of forty-seven districts in Kern County California, is an elementary school district serving students from kindergarten to grade eight.

The District serves a general population estimated at 135,002, covering an area of approximately 93 square miles, is located in, and southwest of, the City of Bakersfield, California, which is the County Seat of the County. As of June 30, 2018, the District was providing public education in kindergarten through eighth grade, operating 18 elementary and five junior high schools. California State University, Bakersfield, which has a current enrollment of approximately 8,627 students, is also located within the District.

In FY 2018, the district employed 1,971 full-time equivalent workers. Of that total, 1,033 were certificated employees and 938 were classified employees. Certificated employees (teachers, psychologists and counselors, nurses, principals, and other administrators) require a credential as a condition of employment. Classified employees are those for whom having a credential is not a condition of employment. Classified employees include among others instructional aides, school secretaries and other clerical staff, custodians, and maintenance workers.

The District is governed by an independent Board of Trustees, consisting of five members who are elected by trustee area to overlapping four-year terms at elections held every two years. The Board's duties and powers include establishing a long-term vision for the District; ensuring accountability to the local community; acquiring, maintaining, and disposing of property; developing a sound organizational structure and school program; adopting an annual budget; and, establishing a system of accounting and budgetary controls. The District's affairs are administered by a superintendent, who is appointed by the Board of Trustees.

The superintendent, Dr. Kevin Silberberg, runs the day-to-day operations of the District. The District is a public agency governed by the laws of the State of California.

As of the date of this letter, the District has 18,918 students enrolled in nineteen elementary schools (K–6) and five junior high schools (7–8). The District has experienced steady enrollment growth over the last ten years, averaging 1.0% per year. FY 2018 enrollment increased by 1.6% over the prior year. Our demographic forecast shows the student population is projected to increase by another 950 potential K-8 students by 2024. The area contained by District boundaries is currently under development. There are several residential development projects planned over the projection timeframe within the Panama-Buena Vista Union School District. They are located throughout the District and are expected to add many new homes to the area serviced by the District. The neighborhoods within the District are currently experiencing different demographic trends.

Core Beliefs and Values

The Panama-Buena Vista Union School District vision is to be the model of Excellence in Education. We are focused on a set of values and beliefs that all members of the school district (parents, students, teachers, and staff) will follow in order to commit to a learning environment that supports the positive academic and behavioral growth of all students. Our learning community provides a safe, supportive environment where all students can ask questions, find answers, reach their full academic potential and become caring, responsible citizens.

Our beliefs and values are:

- All children deserve a quality education in a safe environment.
- We teach all children believing all children can learn.
- Education is a partnership between the school, family and our community.
- Everyone works together as a team to attain maximum achievement.
- We build relationships on trust and respect.
- We value our community diversity.

The Panama-Buena Vista Union School District mission is to partner with parents and community, committing to a high achieving, balanced academic program for all students resulting in responsible, high achieving 21st Century citizens.

District Priorities:

- Academic Excellence: Ensure high quality and innovative teaching and learning opportunities that increase student success while preparing all students to be college and career ready.
- Resource Alignment: Design an inclusive process with the community to prioritize, allocate, and monitor district resources to ensure all stakeholders' needs are responsibly met.
- Organizational Enhancement: Implement processes that create a healthy, effective, efficient and enjoyable organization positioned to exceed the expectations of those who work here and those we serve.

- Community Engagement: Engage and collaborate with groups inside and out of the District community for the mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity.

Economic Condition and Outlook

The California budget is in good shape. Recent forecasts from the California Legislative Analysis Office expect continued growth in the California economy for 2019 with some slowing in the pace in the coming years. This growth will be tempered by slower job growth and modest weakness in housing. At the close of fiscal year 2018, the District's financial health is good and on the upswing.

We continue to enjoy the support of the local community as evidenced by the passage of a general election bond. The Board of Trustees placed Measure H, a $90 million dollar general obligation bond, on the ballot which was approved by 62% of the voters on November 6, 2018. Our capital funds are committed to improving school safety and security, renovating classrooms for science, technology, engineering, and math (STEAM), upgrading older schools to meet the same academic and safety standards as newer schools and the construction of new classrooms and school facilities to relieve overcrowding.

California law stipulates that the assessed valuation (AV) of secured property can rise from one year to the next no more than the year-over-year increase in state CPI or 2%, whichever is less. Offsetting this factor is change in AV due to new homes being built or housing turnover wherein the new AV represents the sales price of the home.

Achievements

- Future Ready Task Force –The District continues to address the integration of technology in the classroom environment. Every student in grades 3rd through 8th has a laptop available to them during their school day.
- PBVU – In 2018, the District launched PBVU, a teacher university model for professional staff development. This was achieved through a unique collaboration between the teachers, the teachers' association and administration. The teachers have the opportunity to participate in a professional learning cycle, guided by administration, to learn and implement new skills while earning units for salary advancement.

- University of Virginia Lead Schools – The District was accepted to the University of Virginia School Turnaround Program in December 2016. This partnership will support turnaround in a set of schools and leverage learning from that to impact long-term district-wide strategy for leadership and transformation.
- Cultural Proficiency – The District administration and school leaders began a self-examination process in 2016 that led to identifying barriers to cultural proficiency. The district took steps in 2017 to effectively implement a plan to overcome historical barriers, identify strengths and areas for improvement along a continuum of cultural proficiency.
- SELPA – The Board approved a plan to establish a single-district Special Education Local Plan Area (SELPA) to improve special education services.
- Clean Energy – Clean energy initiatives to include solar arrays and lighting, were completed in January 2017. Energy management and energy efficiency upgrades to the HVAC systems were continued in 2017 to improve comfort and reduce energy use.
- New School Construction – The construction for Dolores S. Whitley Elementary School was completed in August 2018. The Board approved the design of Highgate Elementary School in May 2017, which is scheduled for completion in August 2021.

District Funding Status/Long Term Planning

Local Control Funding Formula

Most California school districts receive a significant portion of their funding from State apportionments consisting of three primary sources: a portion funded from the State's general fund, a portion funded from the State's Education Protection Account, and a local portion derived from the District's share of the 1% local ad valorem property tax authorized by the State Constitution. The District receives approximately 75% of its revenue from State funds. As a result, decreases in State revenue, or in State apportionments made to fund education can significantly affect District operations.

The passage of Proposition 30 in November 2012 changed the way school funding is calculated through the use of the Local Control Funding Formula (LCFF). The LCFF establishes a new uniform funding formula and a new system of academic accountability. The formula replaces revenue limits and most categorical programs with uniform base rates for all pupils and provides significantly more funding for English learner and low-income students. The new system of academic accountability requires school districts and charter schools to publicly report how they will use the funds provided under the formula, as well as establishes a new system of support and intervention support for underperforming school districts and charter schools.

Additionally, Proposition 30 established the Schools and Local Public Safety Protection Act. This is a temporary tax measure which is intended for the investment in education and public safety. The tax measure increased the personal income tax rates on the State's highest income taxpayers by up to three percent for a period of seven years beginning with the 2012 tax year, and increased the sales tax rate by one-quarter percent for a period of four years beginning on January 1, 2013. The revenue provides an increase of approximately $1,045 per student in funding over 2011-12 levels for kindergarten through twelfth grade education.

Prior to the 2013-14 State budget, annual State apportionments to school districts were computed based on a revenue limit per unit of average daily attendance (ADA). However, the 2013-14 State budget also contains a new formula for funding schools called the Local Control Funding Formula (LCFF). The LCFF model is intended to increase local control and flexibility, reduce State bureaucracy and better allocate resources based on student needs. The new funding formula replaced the existing revenue limit funding system and most categorical programs. The State Budget is projecting this amount to incrementally increase over the next six years.

General Obligation Bonds

In California, school districts are limited in their ability to tax the local citizenry to raise monies for schools. State law limits ad valorem taxes to 1% of assessed valuation (AV). AV is defined as 100% of the value of real property at the time of sale. The state limits annual increases in AV to no more than 2%. The only time property is reassessed is at the time of sale with the new assessment reflecting the sale price of the property. Ad valorem property tax revenues provide the base general purpose funding for our schools. The only additional taxing authority school districts have is for general obligation bonds and parcel taxes, both of which require special elections and passage by a 2/3 majority vote. A recently enacted state measure, Proposition 39, permits passage of a local general obligation bond by a 55% majority under special circumstances.

- 2012 General Election Bonds Series A, B, C and T1 – The Bonds were issued to finance the costs of improvements within the District related to energy efficiency, rehabilitation of outdated classrooms, repair/replace deteriorated roofs, plumbing, electrical, lighting, ventilation, and acquire, construct, equip and renovate sites, technology upgrades, facilities and equipment within the District to enable the District to maintain student achievement growth, relieve overcrowding, attract and retain teachers, and protect the quality of education for all students in the District.

    Series A – Issued on May 29, 2013 in the amount of $18,405,000.

    Series B – Issued on April 23, 2015 in the amount of $28,110,000.

    Series T-1 – Issued on April 23, 2015 in the amount of $3,380,000.

    Series C – Issued on April 12, 2017 in the amount of $20,000,000.

Certificates of Participation

The District executed a Refunding Certificate of Participation (2006 School Construction Project), Series 2015, in April 2015 for an aggregate principal amount of $26,920,000. This Refunding Certificate of Participation was used to refund the 2006 Certificates originally obtained for the construction of Stonecreek Junior High School and Old River Elementary School.

Qualified Zone Academy Bond

The District obtained Qualified Zone Academy Bonds (QZABs) in the amount of $30,000,000. The QZABs were used to install solar arrays at 17 elementary school sites and 5 junior high school sites as well as energy efficiency strategies such as efficient lighting and energy management. The debt service for the QZABs is expected to be satisfied with the savings from utilities.

Financial Information

Internal and Budgetary Controls

The district maintains internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the importance of a close evaluation of costs and benefits which requires estimates and judgments by management. The objective is to secure efficient internal control, the cost of which must not exceed the benefits derived therefrom. We believe that the district's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

School districts in California are required by Education Code Section 41010 to follow the California School Accounting Manual in preparing reports to the State. The district, under Assembly Bill 1200 (Chapter 1213, Statutes of 1991), utilizes a single-adoption budget schedule. The district adopts a Final Budget prior to the state-mandated July 1 deadline.

Expenditures cannot legally exceed appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, debt service, other outgo, direct support/indirect costs, and operating transfers out. Education Code 42600 specifies that school districts may not spend more than the amounts authorized in the Final Budget as adjusted during the school year. The school board reviews and approves (or disapproves) all purchase orders and other expenditures on a regular basis, but no less frequently than once every month.

Fiscal Policies

The district recently revised its reserves policy to reflect recommendations from the Government Finance Officers Association and the California School Boards Association. The new policy targets a general operating reserve of 17%. The state required minimum reserves level for a district our size is 3%. Balances in excess of the minimum reserve will be committed to future projects. District reserves at the end of FY 2018 were 11.86% of total expenditures and other outgo.

Education Code Section 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the district's income by source of funds and expenditures by object and program. The district's contract auditor for the fiscal year ended June 30, 2018, was Daniells Phillips Vaughan & Bock.

Awards

GFOA

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Panama-Buena Vista Union School District for its comprehensive annual financial report for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,

Kevin Silberberg, Ed.D.
Superintendent

Glenn Imke, CPA, CBO
Assistant Superintendent, Business Services

Award

GFOA Certificate of Achievement for Excellence in Financial Reporting

For the Fiscal Year Ended June 30, 2017

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Panama-Buena Vista Union School District, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

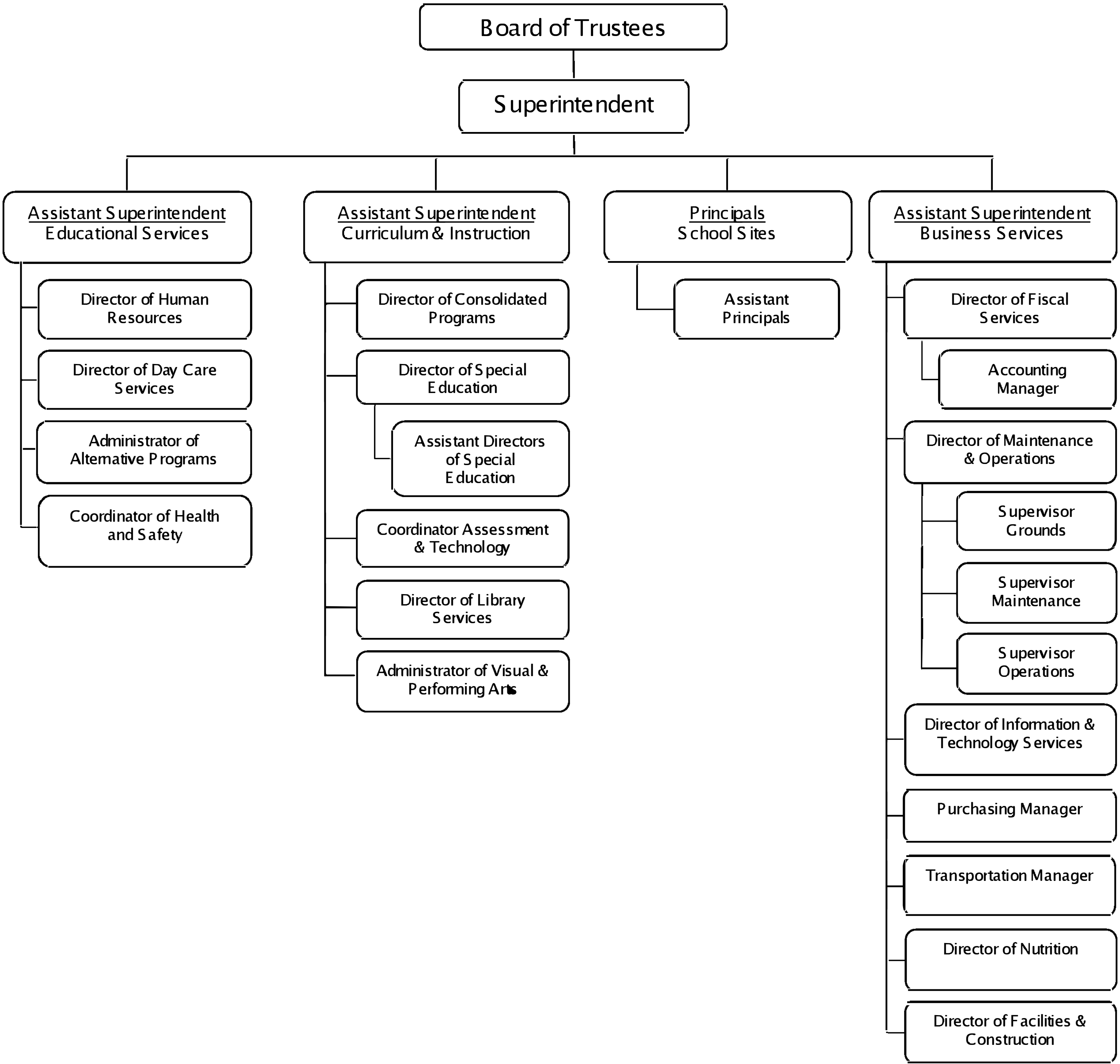
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Panama-Buena Vista Union School District

Management Organization Chart



Panama-Buena Vista Union School District

On July 1, 1988, the Panama Union School District merged with the Buena Vista School District to form the Panama-Buena Vista Union School District (the "District"). The District is comprised of an area of approximately 90 square miles located in the rapidly growing southwest portion of Bakersfield, California. As of June 30, 2018, the District was operating eighteen elementary and five junior high schools.

BOARD OF TRUSTEES AND ADMINISTRATION

SCHOOLS AND SCHOOL PRINCIPALS

ELEMENTARY (K – 6)

Amy B. Seibert Elementary
Becky Stambook

Berkshire Elementary
Amy Mensing

Bill Williams Elementary
Dion Lovio

Buena Vista Elementary
Daniel Hansford

Charles H. Castle Elementary
Katrina Wilson

Christa McAuliffe Elementary
Dan Pokett

Douglas Miller Elementary
Dan Bickham

Laurelglen Elementary
Robert Machado

Leo B. Hart Elementary
Daryl Newton

Louise Sandrini Elementary
Marsha Ketchell

Old River Elementary
Mike Boles

Panama Elementary
Brian Malavar

Ronald Reagan Elementary
Pam Somes

Roy W. Loudon Elementary
Sharon Dunn

Sing Lum Elementary
Shawna Manning

Stine Elementary
Monica Hicks

Stockdale Elementary
Matthew Merickel

Wayne Van Horn Elementary
James Lopez

INTERMEDIATE (7 – 8)

Earl Warren Junior High School
George Thornburgh

O.J. Actis Junior High School
Patrick Spears

Stonecreek Junior High School
Matthew Kennedy

Fred L. Thompson Junior High School
Darryl Pope

Tevis Junior High School
Paul Coon

FINANCIAL SECTION

DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

PATRICK W. PAGGI

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Panama-Buena Vista Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www.dpvb.com

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Panama-Buena Vista Union 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, in 2018, the District adopted new accounting guidance, Governmental Auditing Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. 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 required supplementary information, such as management's discussion and analysis, general fund budgetary comparison schedule, schedules of proportionate share of the net pension liability, schedule of changes in the net OPEB liability and related ratios, schedules of pension contributions and schedule of OPEB contributions and OPEB investment returns on pages 5-18 and 78-86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Panama-Buena Vista Union School District's basic financial statements. The supplementary information on pages 87-106, including the schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 87-106 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section on pages 107-137 has not been subject 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2019 on our consideration of the Panama-Buena Vista Union 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 Panama-Buena Vista Union School District's internal control over financial reporting and compliance.

Daniells Phillips Vaughan & Bock

Bakersfield, California
January 10, 2019

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

An overview of the Panama-Buena Vista Union School District's financial activities for the fiscal year ended June 30, 2018, is provided in this discussion and analysis of the District's financial performance.

This Management's Discussion and Analysis (MD & A) should be read in conjunction with the District's financial statements (including notes and supplementary information).

FINANCIAL HIGHLIGHTS

Key financial highlights for 2018 are as follows:

- In total, net position of governmental activities decreased by $31,731,242 which represents a 118.63% decrease from 2017, resulting in a deficit net position. This decrease is primarily related to implementation of GASB 75 which requires the recognition of pension liability for other post-employment benefit plans for retirees of the District.

- General revenues accounted for $185,801,943 in revenue or 81.7% of all revenues. Program specific revenues in the form of charges for services, categorical, capital grants and contributions accounted for $41,634,598 or 18.3% of total revenues of $227,436,541.

- The District had $246,299,294 in expenses related to governmental activities. Instruction related expenses represented $171,929,449 or 69.8% ; only $8,832,934 or 3.6% of total expenses were for general administration.

- As of June 30, 2018, the General Fund reported a positive fund balance of $25,850,105. The non-spendable fund balance was $363,907, the restricted fund balance was $1,712,233, a committed balance of $17,880,354, and the reserve for economic uncertainties was $5,893,611.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
    - Basic services funding (i.e., regular and special education) is described in the governmental funds statements. These statements include short-term financing and the balance remaining for future spending.

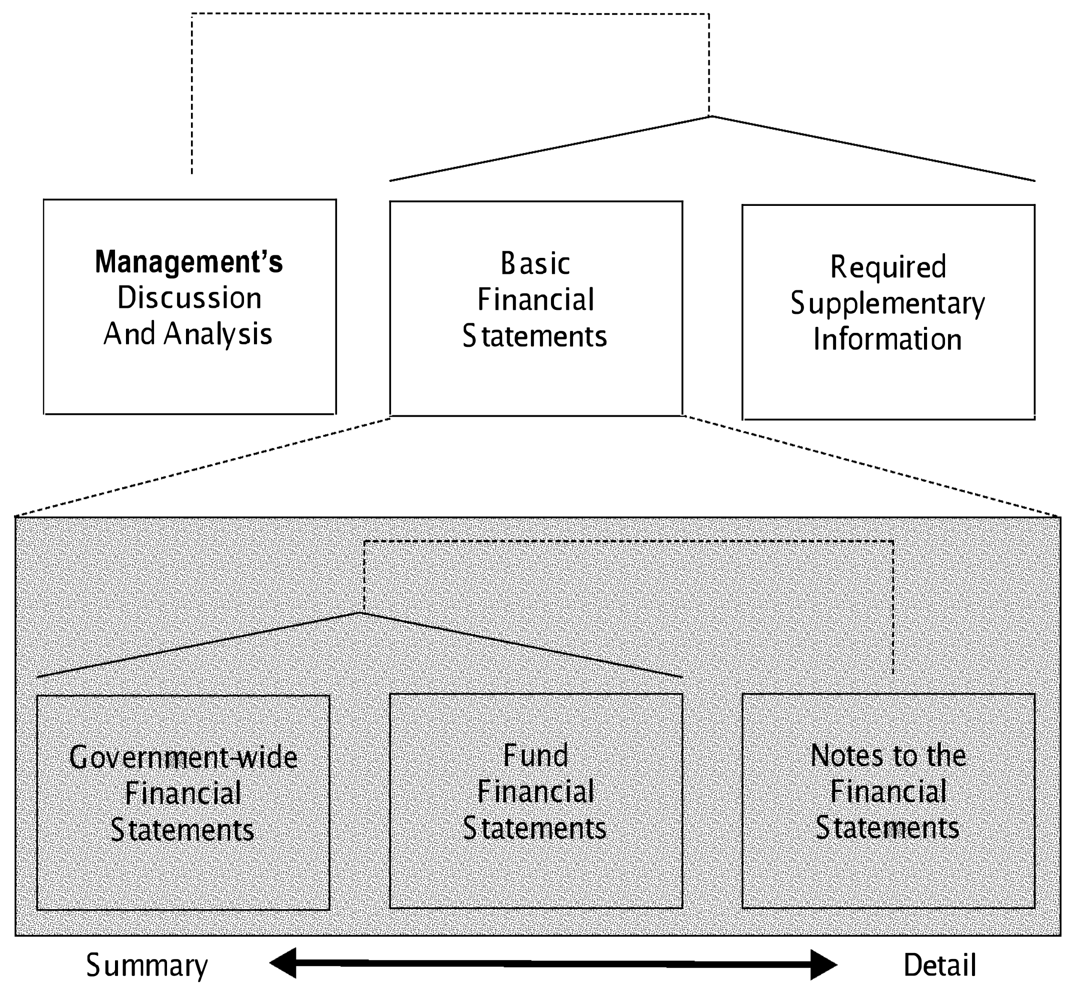
Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

- Financial relationships, for which the District acts solely as an agent or trustee, for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

Figure A shows how the various parts of this annual report are arranged and related to one another.

Figure A
Organization of Panama-Buena Vista Union School District Annual Financial Report



Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Figure B summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure B

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

The Statement of Net Position and the Statement of Activities

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the statement of net position. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) can be measured by the difference between the District's assets and liabilities.

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, districts report two kinds of activities:

- Governmental activities:

  The basic services provided by the District, such as regular and special education, administration, self-insurance services, transportation, day care, and cafeteria are included here. Property taxes and state formula aid finance most of these activities.

- Business-type activities:

  The District currently does not conduct business type-activities.

FUND FINANCIAL STATEMENTS

More detailed information about the District's most significant funds – not the District as a whole – is provided in the fund financial statements. 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 bond covenants and by state law.

- Other funds are established by the District to control and manage money for particular purposes (such as repaying its long-term debts). Other funds may also show proper usage of certain revenues (such as federal grants).

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

The District has two kinds of funds:

- Governmental funds:

  Most of the District's basic services are included in governmental funds, which generally focus on:

  - How cash and other financial assets can be readily converted to cash flow (in and out).
  - The balances left at year-end that are available for spending.

  A detailed short-term view is provided by the governmental fund statements. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information is provided at the bottom of the governmental fund statements that explains the differences (or relationships) between them.

- Fiduciary Funds:

  For assets that belong to others, such as the student activities funds, the District acts as the trustee, or fiduciary. 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. A separate statement of fiduciary net position reports the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 summarizes the District's net position for the years ended June 30, 2018 and 2017. Net position decreased by 118.63% over this period from $26,747,464 to a deficit of $4,983,778. The following are significant current year transactions that had an impact on the overall financial health of the District as a whole:

- Cash decreased by $23,871,960, a change of 24.6% , primarily due to capital outlay expenditures in the Building Fund.

- Due to the implementation of GASB 75, the District must now recognize the net liability of other post-employment benefits (OPEB). This has resulted in a Prior Period Adjustment decrease of Fund Balance and increase of net OPEB obligation of $13,982,179. The total increase in net OPEB obligation was $16,922,879, or 232.51% .

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Table 1: Net Position

	Governmental Activities		Total Percentage Change
	2018	2017	2017-18
Current and other assets:			
Cash	$ 72,992,994	$ 96,864,954	-24.6%
Receivables	7,268,516	6,672,100	8.9
Investments	62,428	61,662	1.2
Inventories	487,788	489,794	-.4
Total current and other assets	80,811,726	104,088,510	-22.4
Capital assets, net of accumulated depreciation	216,983,420	201,560,480	7.7
Total assets	297,795,146	305,648,990	-2.6
Deferred Outflows of Resources	28,944,862	23,740,427	21.9
Long-term debt outstanding	120,972,703	125,031,224	-3.3
Net OPEB obligation	24,201,100	7,278,221	232.5
Net pension liability	171,491,549	146,782,725	16.8
Other liabilities	14,201,044	18,669,973	-23.9
Total liabilities	330,866,396	297,762,143	11.1
Deferred Inflows of Resources	857,390	4,879,810	-82.4
Net position:			
Net investment in capital assets	111,360,773	111,067,586	.3
Restricted	9,811,875	9,241,555	6.2
Unrestricted	(126,156,426)	(93,561,677)	34.8
Total net position	$ (4,983,778)	$ 26,747,464	-118.6%

Changes in Net Position

Table 2 summarizes changes in the District's net position for the years ended June 30, 2018 and 2017. The District's total revenue for the year ended June 30, 2018, was $227,436,541 and the cost of all programs and services was $246,299,294. The following are significant current year transactions that had an impact on the change in net position:

- The ending net position for year ended June 30, 2018, was a deficit of $4,983,778.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

- The Education Protection Account (EPA) provides the District with general purpose state aid funding pursuant to Section 36 of Article XIII of the California Constitution. The EPA funding is a component of the total LCFF entitlement as calculated in the Principal Apportionment.

- The continued implementation of GASB 68 and the new implementation of GASB 75 contributed to the decrease in Net Position of $18,862,753.

Table 2: Changes in Net Position

	Governmental Activities		Total Percentage Change
	2018	2017	2017-18
Revenues			
Program revenues			
Charges for services	$ 1,170,086	$ 1,292,243	-9.5%
Federal and state categorical grants	40,464,512	46,773,146	-13.5
General revenues			
Federal and state formula aid	158,512,046	141,973,130	11.7
Other	27,289,897	25,900,511	5.4
Total revenues	227,436,541	215,939,030	5.3
Expenses			
Instruction-related	171,929,449	158,392,423	8.6
Student support services	30,939,515	25,840,561	19.7
Maintenance and operations	19,111,217	16,465,345	16.1
Administration	8,832,934	11,119,559	-20.6
Enterprise	–	6,448	-100.0
Other	15,486,179	15,478,048	.1
Total expenses	246,299,294	227,302,384	8.4
Decrease in net position	(18,862,753)	(11,363,354)	66.0
Beginning net position as originally reported	26,747,464	38,110,818	-29.8
Prior period adjustment	(12,868,489)	–	–
Beginning net position as restated	13,878,975	38,110,818	-63.6
Ending net position (deficit)	$ (4,983,778)	$ 26,747,464	-11863.0%

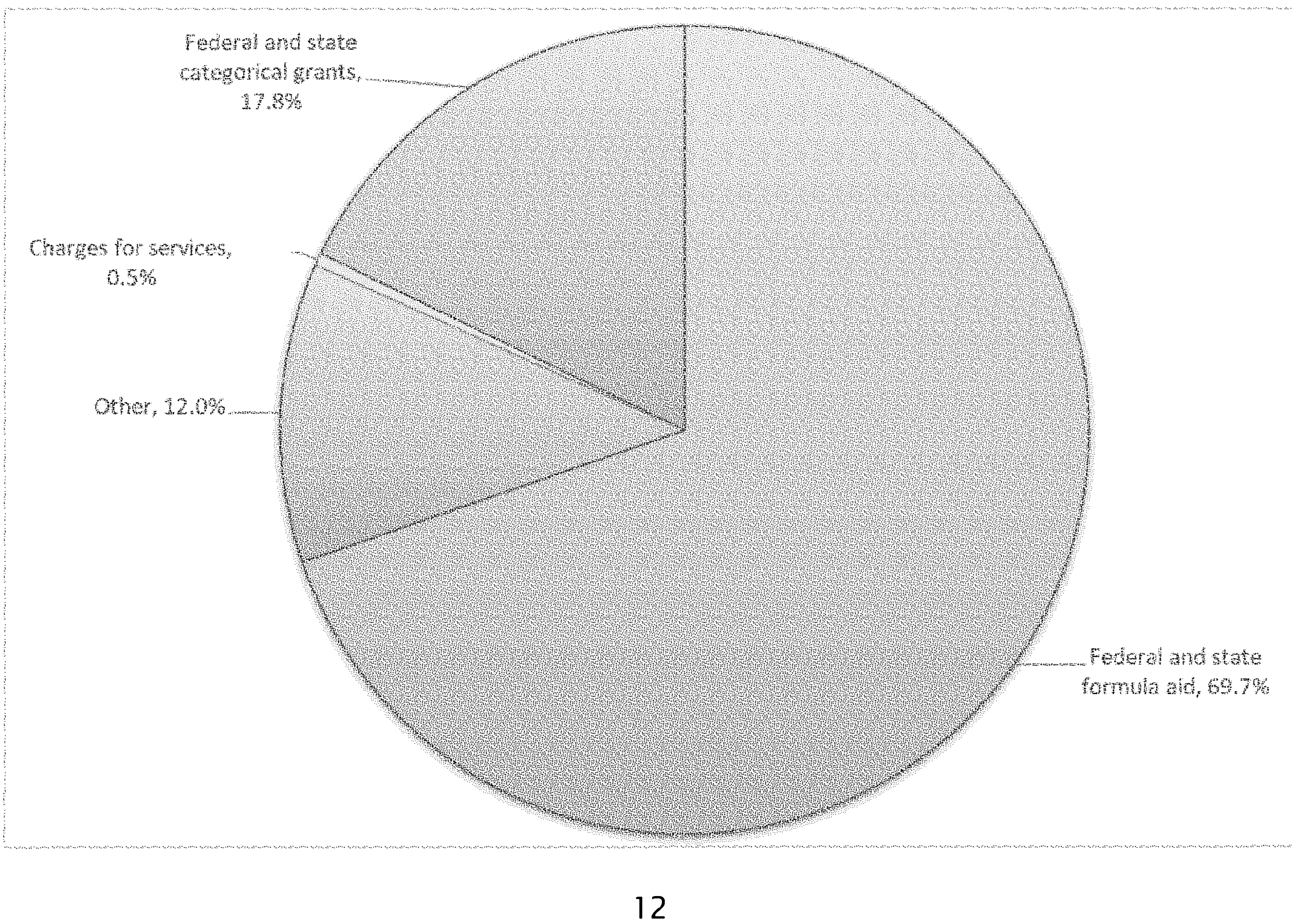
Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Governmental Activities

As shown in Table 3, the District's most significant source of revenue from governmental functions in the year ended June 30, 2018, was federal and state formula aid, comprising 69.7% of the total. State Aid is primarily from the Local Control Funding Formula. The next most significant revenue category was federal and state categorical grants at 17.8%. Other revenue provided 12.0% and charges for services another 0.5%.

Table 3: Summary of Revenues

	FYE 2018 Amount	Percent of Total	Increase (Decrease) from FYE 2017	Total Percentage Change	FYE 2017 Amount
Revenues					
Program revenues					
Charges for services	$ 1,170,086	0.5%	$ (122,157)	-9.5%	$ 1,292,243
Federal and state categorical grants	40,464,512	17.8	(6,308,634)	-13.5	46,773,146
General revenues					
Federal and state formula aid	158,512,046	69.7	16,538,916	11.7	141,973,130
Other	27,289,897	12.0	1,389,386	5.4	25,900,511
Total revenues	$227,436,541	100.0%	$ 11,497,511	5.3%	$215,939,030



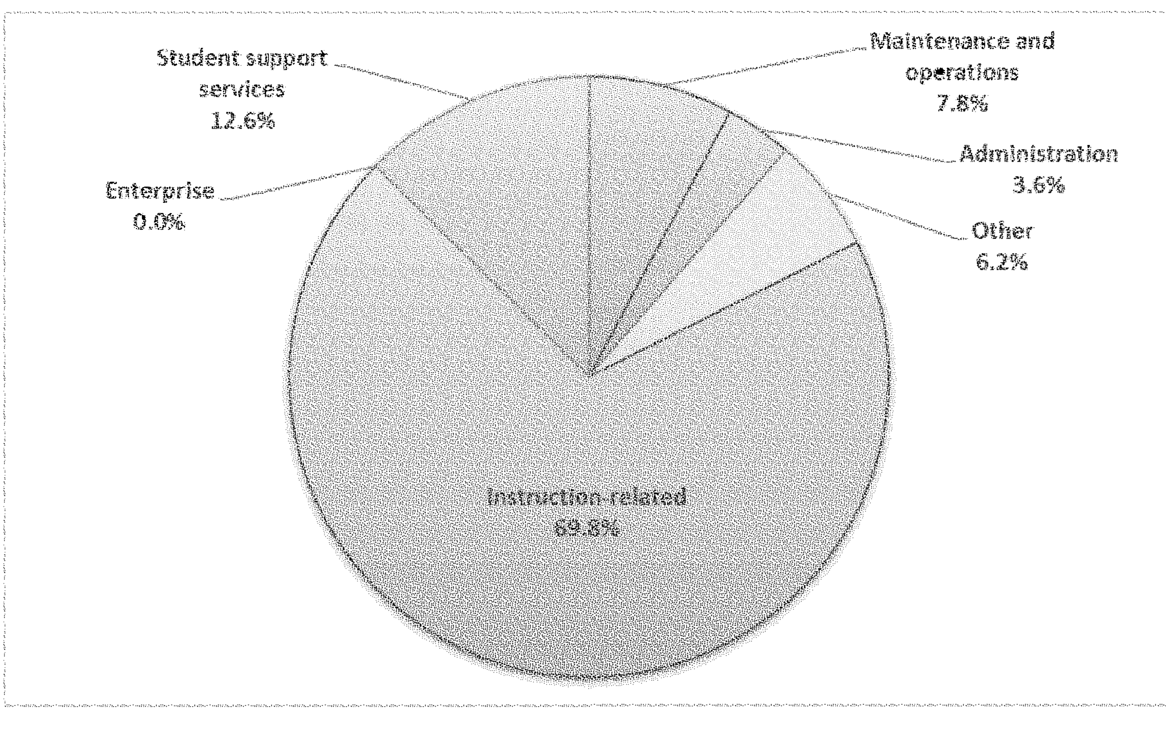
Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Governmental Activities

Table 4 presents a summary of expenses for governmental activities. The significant majority of expenses in the year ended June 30, 2018, were instruction-related at 69.8% of total expenses. Student support services was the second largest expense category at 12.6%. Maintenance and operations expenses was the next comprising 7.8%. Administration, enterprise activities and other expenses were 3.6%, 0.0%, and 6.2%, respectively.

Table 4: Summary of Expenses

	FYE 2018 Amount	Percent of Total	Increase (Decrease) from FYE 2017	Percent Change	FYE 2017 Amount
Expenses					
Instruction-related	$ 171,929,449	69.8%	$ 13,537,026	8.5%	$ 158,392,423
Student support services	30,939,515	12.6	5,098,954	19.7	25,840,561
Maintenance and operations	19,111,217	7.8	2,645,872	-5.5	16,465,345
Administration	8,832,934	3.6	(2,286,625)	-20.6	11,119,559
Enterprise	–	.0	(6,448)	-100.0	6,448
Other	15,486,179	6.2	8,131	-4.9	15,478,048
Total expenses	$ 246,299,294	100.0%	$ 18,996,910	8.4%	$ 227,302,384



Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Governmental Activities

Table 5 provides information on the total costs of governmental activities and the net costs after offsetting related program revenues.

Table 5: Total and Net Costs of Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$ 151,454,044	$ (130,444,546)
Pupil services	30,939,515	(17,579,711)
Instruction-related services	20,475,405	(17,526,061)
Plant services	19,111,217	(19,098,561)
Other outgo	9,670,184	(8,026,104)
General administration	8,832,934	(6,204,185)
Interest on long-term debt	3,722,152	(3,722,152)
Community services	2,013,919	(2,005,770)
Ancillary services	79,924	(57,606)
Total costs	$ 246,299,294	$ (204,664,696)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Governmental Functions

As shown in Table 6, the District's governmental funds reported a combined fund balance of $66,610,682, which is lower than last year's total of $86,532,227.

The decrease in the General Fund is primarily a result of deficit spending for one-time capital outlay expenditures.

The decrease in the Building Fund is due to various construction projects funded with the 2012 General Obligation Bonds. The decrease in the Special Reserve Fund for Capital Outlay is due to various construction projects primarily funded by the Qualified Zone Academy Bonds. The increase in the Capital Facilities Fund balance is primarily a result of the increase in developer fees collected.

The decrease in the Debt Service fund is a result of the District is due to changes in the long-term debt service schedules.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Table 6 is an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 6: District's Fund Balances

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase (Decrease)
General	$ 25,850,105	$ 26,436,599	$ (586,494)
Child Development	1,562,108	1,404,542	157,566
Cafeteria	4,052,082	3,435,619	616,463
Deferred Maintenance	130,741	-	130,741
Building	14,180,302	32,656,712	(18,476,410)
Capital Facilities	8,816,567	8,675,888	140,679
County School Facilities	503,815	-	503,815
Special Reserve	7,970,208	9,322,544	(1,352,336)
Bond Interest and Redemption	3,544,754	4,600,323	(1,055,569)
Total	$ 66,610,682	$ 86,532,227	$ (19,921,545)

General Fund Budgetary Highlights

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting.

Over the course of the year, the District revised its budget five times. These budget amendments fall into three categories:

- Changes made to account for differences between the final state budget and the governor's May revised budget proposal.
- Adjustments to the state formula aide based on revised ADA data.
- Adjustments to state formula aide and categorical program revenues and expenditures after prior year carryovers became known and the state provided final entitlement amounts.

Although the District's final general fund budget anticipated a decrease in fund balance of $3,322,096, the actual results provided a decrease in fund balance of only $586,494.

- Total revenues exceeded budget expectations by $1,050,295, primarily due to increases in Proposition 39 Clean Energy and State Lottery revenues.
- Total expenditures were under budget expectations by $1,720,360. This is principally attributed to books, supplies and other operating expenditures.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets amounts to $216,983,420 (net of accumulated depreciation). This investment primarily includes land, school buildings, administrative offices, warehouse and transportation facilities, maintenance shops, furniture, and equipment.

As shown in Table 7, the District's total net capital assets increased by $15,422,940, or 7.7%, over the prior year. This increase is primarily due to the clean energy project, the modernization of Sing Lum Elementary, and the construction of Dolores S. Whitley Elementary presently classified as work in progress.

Table 7 additionally reflects an increase in work in progress of $19,473,913 or 185.8%. This increase is primarily due to construction in progress on Dolores S. Whitley Elementary, Highgate Elementary and Panama Elementary schools. The decrease in Improvements of sites was due to a reclassification of assets to the Buildings classification.

Table 7: Changes in Net Capital Assets

	Governmental Activities		Percentage Change
	2018	2017	2017-18
Land	$ 12,150,705	$ 12,150,705	.0%
Buildings	121,856,041	118,326,596	3.0
Improvements of sites	46,079,575	53,452,637	-13.8
Equipment	6,943,274	7,150,631	-2.9
Work in progress	29,953,824	10,479,911	185.8
Net capital assets	$216,983,420	$201,560,480	7.7%

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

Long-Term Debt

Table 8 shows the changes in the District's outstanding long-term debt for the year ended June 30, 2018. Long-term debt decreased overall by 3.2%. The decrease is the result of scheduled debt service payments. Capital lease obligations decreased by 50% as a result of scheduled payments. For more detailed information, see Notes 7, 8, 9, 10, and 11.

Table 8: Outstanding Long-Term Debt

	District Total		Percentage Change
	2018	2017	2017-18
General obligation bonds			
(financed with property taxes)	$ 64,375,000	$ 65,615,000	-1.9%
Unamortized premium	3,264,144	3,385,876	-3.6
Certificates of participation	24,470,000	25,265,000	-3.1
Unamortized premium	2,371,971	2,488,054	-4.7
Qualified zone academy bond	26,470,588	28,235,294	-
Capital leases	21,000	42,000	-50.0
Total	$120,972,703	$125,031,224	-3.2%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The economy, legislative or voter-approved changes, bargaining unit agreements and district demographics are key factors in determining the District's financial outlook in future years. Currently known circumstances that will impact the District's financial status in the future are:

The California Legislative Analyst Office (LAO) 2019-20 Budget California's Fiscal Outlook reflects a positive outlook. The LAO estimates the California State Legislature will have an additional $2.8 billion for Proposition 98 programs in 2019-20. The state could use this funding to cover a 3.1 percent statutory cost-of-living adjustment for school and community college programs (estimated to cost $2.3 billion) and certain other previously scheduled commitments (estimated to cost $57 million). Were the state to fund those increases, about $480 million would remain available for other activities. The Legislature might wish to consider using this remaining funding for one-time initiatives, as doing so would provide a modest buffer in case the minimum guarantee drops after the budget year. The volatility of the minimum guarantee, the possibility of a recession sometime after 2019-20, and the lack of funding in the state school reserve are all reasons the Legislature might wish to budget cautiously in the upcoming year.

Health insurance and post-retirement costs continue to grow at rates well in excess of the rate of inflation. The LAO identified that employer contributions to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) will be a major strain on the budgets of schools and community colleges. CalSTRS employer contribution rates are increasing from 8.25% in 2013-14 to 19.1% by 2020-21. In addition, the CalPERS employer contribution rates are increasing from 11.4% in 2013-14 to 23.5% by 2020-21.

Panama-Buena Vista Union School District
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2018

The rate increases will consume a significant portion of the new funding provided under Proposition 98. The District will continue to experience cost pressures associated with increased contributions to CalPERS and CalSTRS. It is expected that rate increases for retirement contributions will exceed the minimum guarantee from Proposition 98.

Enrollment increased during the period ending June 30, 2018. Enrollment projections reflect signs of moderate growth and anticipates this trend to continue.

The passage of Proposition 30 in November 2012 changed the way school funding is calculated through the use of the Local Control Funding Formula (LCFF). The LCFF establishes a new uniform funding formula and a new system of academic accountability. The formula replaces revenue limits and most categorical programs with uniform base rates for all pupils and provides significantly more funding for English learner and low-income students. The new system of academic accountability requires school districts and charter schools to publicly report how they will use the funds provided under the formula, as well as establishes a new system of support and intervention support for underperforming school districts and charter schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Glenn A. Imke, Assistant Superintendent Business Services, Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, CA 93313.

Panama-Buena Vista Union School District
Statement of Net Position
June 30, 2018

Assets	Governmental Activities
Cash	$ 72,992,994
Investments	62,428
Accounts receivable	7,268,516
Stores inventories-supplies	281,803
Stores inventories-food	205,985
Land	12,150,705
Land Improvements	63,475,467
Buildings	211,627,859
Equipment	24,587,412
Work in progress	29,953,824
Less accumulated depreciation	(124,811,847)
Total assets	297,795,146
Deferred Outflows of Resources	
Deferred outflows of resources - Pensions	26,118,769
Deferred outflows of resources - Other postemployment benefits	2,826,093
Total deferred outflows of resources	28,944,862
Liabilities	
Accounts payable and other current liabilities	13,306,680
Unearned revenue	894,364
Long-term liabilities	
Due within one year:	
2012 General obligation bond	1,571,731
Certificates of participation	931,083
Qualified zone academy bond	1,764,706
Capital lease	21,000
Due after one year	
2012 General obligation bond	66,067,413
Certificates of participation	25,910,888
Qualified zone academy bond	24,705,882
Other postemployment benefit liability	24,201,100
Net pension liability	171,491,549
Total liabilities	330,866,396
Deferred Inflows of Resources	
Deferred inflows of resources - Pensions	857,390
Net Position	
Net investment in capital assets	111,360,773
Restricted for:	
Debt service	3,556,825
Educational programs	1,700,162
Child Development	38,227
Nutritional programs	3,494,019
Other purposes (nonexpendable)	1,022,642
Unrestricted (deficit)	(126,156,426)
Total net position (deficit)	$ (4,983,778)

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

Panama-Buena Vista Union School District
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities				
Instruction	$ 151,454,044	$ –	$ 21,009,498	$ (130,444,546)
Instruction-related services:				
Supervision of instruction	5,930,265	–	2,404,374	(3,525,891)
Instructional library, media and technology	2,129,993	–	72,712	(2,057,281)
School site administration	12,415,147	–	472,258	(11,942,889)
Pupil services:				
Home-to-school transportation	4,643,403	–	75,965	(4,567,438)
Food services	8,360,841	1,115,003	7,391,542	145,704
All other pupil services	17,935,271	–	4,777,294	(13,157,977)
General administration:				
Data processing	1,714,607	–	–	(1,714,607)
All other general administration	7,118,327	54,073	2,574,676	(4,489,578)
Plant services	19,111,217	1,010	11,646	(19,098,561)
Ancillary services	79,924	–	22,318	(57,606)
Community services	2,013,919	–	8,149	(2,005,770)
Interest on long-term debt	3,722,152	–	–	(3,722,152)
Other outgo	9,670,184	–	1,644,080	(8,026,104)
Total governmental activities	$ 246,299,294	$ 1,170,086	$ 40,464,512	(204,664,696)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	17,114,896
Taxes levied for debt service	2,801,914
Federal and state aid not restricted to specific purposes	158,512,046
Interest and investment earnings	1,070,557
Miscellaneous	6,302,530
Total general revenues	185,801,943
Change in net position	(18,862,753)
Net position, beginning, as originally stated	26,747,464
Prior Period Adjustments (Note 17)	(12,868,489)
Net position, beginning, as restated	13,878,975
Net position, ending (deficit)	$ (4,983,778)

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

Panama-Buena Vista Union School District
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Other Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash	$ 28,511,744	$ 16,707,000	$ 9,274,243	$ 7,915,517	$ 10,584,490	$ 72,992,994
Investments	–	–	–	62,428	–	62,428
Accounts receivable	5,969,084	77,213	38,279	22,574	1,161,366	7,268,516
Due from other funds	1,187,854	–	2,234	535,434	244,392	1,969,914
Stores inventories – supplies	281,803	–	–	–	–	281,803
Stores inventories – food	–	–	–	–	205,985	205,985
Total assets	$ 35,950,485	$ 16,784,213	$ 9,314,756	$ 8,535,953	$ 12,196,233	$ 82,781,640
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 8,632,213	$ 2,603,911	$ 495,709	$ 150,680	$ 1,424,167	$ 13,306,680
Due to other funds	646,661	–	2,480	415,065	905,708	1,969,914
Unearned revenue	821,506	–	–	–	72,858	894,364
Total liabilities	10,100,380	2,603,911	498,189	565,745	2,402,733	16,170,958
Fund balances:						
Nonspendable:						
Revolving fund	66,054	82,232	–	–	370,518	518,804
Stores inventories	281,803	–	–	–	205,985	487,788
Endowments	16,050	–	–	–	–	16,050
Restricted for:						
Educational programs	1,700,162	–	–	–	–	1,700,162
Nutritional programs	–	–	–	–	3,494,019	3,494,019
Child development programs	–	–	–	–	38,227	38,227
Debt service	12,071	–	–	–	3,544,754	3,556,825
Assigned to:						
Capital projects	–	14,098,070	8,816,567	7,970,208	503,815	31,388,660
Facilities maintenance	–	–	–	–	130,741	130,741
Child development programs	–	–	–	–	1,505,441	1,505,441
Committed to:						
Capital projects	17,880,354	–	–	–	–	17,880,354
Unassigned/Unappropriated:						
Reserve for economic uncertainties	5,893,611	–	–	–	–	5,893,611
Total fund equity	25,850,105	14,180,302	8,816,567	7,970,208	9,793,500	66,610,682
Total liabilities and fund equity	$ 35,950,485	$ 16,784,213	$ 9,314,756	$ 8,535,953	$ 12,196,233	$ 82,781,640

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

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances –governmental funds:			$	66,610,682
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:				
Capital assets : In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.				
Capital assets at historical cost	$	341,795,267		
Accumulated depreciation		(124,811,847)		
			Net	216,983,420
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:				
General obligation bonds payable	$	(67,639,144)		
Other post employment benefits liability (OPEB)		(24,201,100)		
Qualified Zone Academy Bond (QZAB)		(26,470,588)		
Net pension liability		(171,491,549)		
Certificates of participation payable		(26,841,971)		
Capital lease payable		(21,000)		
			Total	(316,665,352)
Deferred outflows and inflows of resources relating to pensions: In governmental 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.				
Deferred outflows of resources relating to pensions				26,118,769
Deferred inflows of resources relating to pensions				(857,390)
Deferred outflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources relating to OPEB are reported.				
Deferred outflows of resources relating to OPEB				2,826,093
Total net position (deficit) –governmental activities:			$	(4,983,778)

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

Panama-Buena Vista Union School District
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
Year Ended June 30, 2018

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula Sources:						
State apportionments	$ 139,633,683	$ –	$ –	$ –	$ 959,171	$ 140,592,854
Local property taxes	16,046,870	–	–	–	–	16,046,870
Federal	10,852,781	–	–	–	7,198,339	18,051,120
Other state	26,862,254	–	–	–	1,318,378	28,180,632
Other local	1,567,205	366,130	3,566,946	88,848	6,124,936	11,714,065
Total revenues	194,962,793	366,130	3,566,946	88,848	15,600,824	214,585,541
Expenditures:						
Instruction	123,023,014	–	–	–	167,428	123,190,442
Supervision of instruction	4,993,383	–	–	–	32,005	5,025,388
Instructional library, media, and technology	1,877,953	–	–	–	–	1,877,953
School administration	10,651,013	–	–	–	–	10,651,013
Home to school transportation	5,533,885	–	–	–	–	5,533,885
Food services	–	–	–	–	7,993,328	7,993,328
All other pupil services	15,421,101	–	–	–	–	15,421,101
Data processing services	1,622,356	–	–	–	–	1,622,356
All other general administration	6,093,996	–	70,351	–	406,881	6,571,228
Plant services	17,653,170	–	114,798	2,180	261,691	18,031,839
Facility acquisition and construction	1,410,354	18,842,540	1,359,449	1,034,117	772,257	23,418,717
Ancillary services	74,561	–	–	–	–	74,561
Community services	153,323	–	–	–	1,706,373	1,859,696
Transfers between agencies	5,474,656	–	–	1,250	–	5,475,906
Other outgo	–	–	–	–	–	–
Debt service:					–	–
Principal	1,764,706	–	795,000	–	1,240,000	3,799,706
Interest	200,000	–	1,086,669	–	2,673,298	3,959,967
Total expenditures	195,947,471	18,842,540	3,426,267	1,037,547	15,253,261	234,507,086
Excess (deficiency) of revenues over expenditures	(984,678)	(18,476,410)	140,679	(948,699)	347,563	(19,921,545)
Other financing sources (uses):						
Transfers in	483,950	–	–	–	85,766	569,716
Transfers out	(85,766)	–	–	(403,637)	(80,313)	(569,716)
Total other financing sources (uses)	398,184	–	–	(403,637)	5,453	–
Net change in fund balances	(586,494)	(18,476,410)	140,679	(1,352,336)	353,016	(19,921,545)
Fund balances, July 1, 2017, as originally stated	26,829,451	32,656,712	8,675,888	9,322,544	9,440,484	86,925,079
Prior period adjustments (Note 17)	(392,852)	–	–	–	–	(392,852)
Fund balances, July 1, 2017, as restated	26,436,599	32,656,712	8,675,888	9,322,544	9,440,484	86,532,227
Fund balances, June 30, 2018	$ 25,850,105	$ 14,180,302	$ 8,816,567	$ 7,970,208	$ 9,793,500	$ 66,610,682

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

Panama-Buena Vista Union School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Total net change in fund balances –governmental funds:			$ (19,921,545)
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay	$ 6,191,393		
Change in total work in progress	19,473,913		
Depreciation expense	(10,210,369)		
		Net	15,454,937
Debt service: In the governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			
Payment of certificates of participation	$ 795,000		
Payment of general obligation bond	1,240,000		
Payment of Qualified Zone Academy Bond	1,764,706		
Payment of capital leases	21,000		
		Total	3,820,706
Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:			(31,997)
Pensions: In governmental 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:			(18,308,062)
Other postemployment benefits (OPEB): 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. This year, the difference between OPEB expenses and actual employer contributions was:			(114,607)
Amortization of debt issue premium or discount: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:			237,815
Change in net position –governmental activities:			$ (18,862,753)

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

Panama-Buena Vista Union School District
Statement of Fiduciary Net Position
June 30, 2018

	Agency Funds Student Body Funds
Assets	
Cash	$ 269,707
Total assets	$ 269,707
Liabilities	
Due to student groups	$ 269,707
Total liabilities	$ 269,707

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees.

On April 11, 1994, certain members of the District's board of education and District employees formed a nonprofit benefit corporation, known as the Panama-Buena Vista Union School District Financing Corporation (the Corporation), which is organized under Nonprofit Benefit Corporation Law of the State of California. The purpose of the Corporation is to finance the acquisition and construction of facility improvements together with necessary equipment of District schools and other facilities as may be required from time to time at the determination of the Board of Trustees. The Corporation issues Certificates of Participation (COPs), a form of long-term debt, which the District uses to finance construction of such improvements.

The District and the Corporation have a financial and operational relationship that meets the reporting entity definition of GASB Codification Sections 2100 and 2600 for inclusion of the Corporation as a component unit of the District. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's reporting entity for general purpose financial reports is the governmental unit management's operational responsibility over such agencies.

C. Basis of Presentation

1. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

2. Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

1. Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis,

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

2. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

3. Expenses/Expenditures

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

E. Fund Accounting

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

1. Major Governmental Funds

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Building Fund is used to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (Education Code Section 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (Education Code Section 41003).

The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA) (Education Code Sections 17620–17626).

The Special Reserve Fund for Capital Outlay is used to account for the accumulation of excess General Fund monies for future capital outlay purposes (Education Code Section 42840).

2. Non-major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four non-major special revenue funds:

- The Child Development Fund is used to account for resources committed to child development programs maintained by the District (Education Code Section 8328).
- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias (Education Code Sections 38090–38093).
- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property (Education Code Sections 17582).
- The County School Facilities Fund is used to account for state apportionments and District matching funds (Education Code Section 17070).

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District maintains one non-major debt service fund:

- The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and the redemption of principal of the bonds issued by the District (Education Code Sections 15125–15262).

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

3. Fiduciary Funds

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains agency funds for student body accounts. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than June 30. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

The District's governing board and District superintendent revise these budgets during the year to give consideration to unanticipated income and expenditures and for anticipated events that are not yet measurable. The original and final revised budgets are presented for the General Fund in the financial statements.

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

G. Encumbrances

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

H. Assets, Liabilities, and Equity

1. Deposits and Investments

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Kern County Treasury. The County pools these funds with those of other Districts in the County and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

2. Stores Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net position.

The District's central warehouse and cafeteria inventories are valued at a moving average cost for presentation.

3. Capital Assets

Capital assets are those purchased or acquired with an original cost of $5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized but are expensed as incurred.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class/Subclass	Estimated Useful Life in Years
Land	N/A
Site Improvements	
Paving, sidewalks, flagpoles, fencing, landscape, outdoor	20
Vehicles	
Buses, trucks, vans, automobiles	8
Forklifts	15
Machinery & Equipment	
Networking, computers, printers, copiers, scanners, library, software, health supplies	5
Musical instruments	10
Arts & crafts, athletic equipment, play structures	10
Mowers, mulchers, aerators, kitchen, custodial	15
Buildings	
Portable classrooms	25
District offices, school buildings, warehouse, interior & exterior construction improvements	50
Portable buildings, alarms, security, portable interior & exterior construction improvements	25
Seatrains	20
Painting	10
Carpet & flooring	7
HVAC	20
Roofing	20
Furniture	
Desks, cabinets, tables, other furniture	20

4. Unearned Revenue

Cash received for certain federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on these specific projects and programs exceed qualified expenditures.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

5. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in both the district-wide financial statements and in the governmental funds.

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

6. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the district-wide financial statements. For governmental fund financial statements, accrued liabilities are generally reported if payment is due as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a fund liability only to the extent they are expected to be paid from expendable available financial resources. Long-term liabilities or liabilities with a maturity of more than one year paid from governmental funds are not recognized within the fund financial statements until payment is due. Long-term debt is reported net of applicable bond premium or discount.

7. Fund Balances

In accordance with GASB Codification Sections 1300 and 1800 and board policy, the District classifies governmental fund balances as follows:

a. Nonspendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact (e.g., notes receivable or principal of a permanent fund).

b. Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.

c. Committed fund balance includes amounts constrained to specific purposes by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the Districts' Board of Trustees.

d. Assigned fund balance includes amounts which the Board or its designee intends to use for a specific purpose. The Board delegates authority to assign funds to the assigned fund balance to the Superintendent or designee and authorizes the assignment of such funds to be made any time prior to the issuance of the financial statements.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

e. Unassigned fund balance includes amounts only within the general fund that have not been classified within the above-mentioned categories and negative fund balances in other governmental funds. The District maintains a minimum unassigned fund balance of not less than three percent of budgeted General Fund expenditures and other financing uses as a reserve for economic uncertainties.

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

To protect the district against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board intends to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least two months of general fund operating expenditures, or 17 percent of general fund expenditures and other financing uses.

If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

8. Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of capital assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position are available.

I. Other Post Employment Benefits (OPEB)

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2016
Measurement Date: June 30, 2017
Measurement Period: July 1, 2016 to June 30, 2017

J. State Aid/Property Tax

The District's state aid is received from a combination of local property taxes, state apportionments, and other local sources.

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1) and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund and is known as the State Apportionment.

The District's base revenue is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

K. Management Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related revenues and expenditures for the financial statement reporting period. Actual results may differ from those estimates.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Significant estimates with respect to these financial statements include the amount receivable from the State of California, net pension liability, and the OPEB liability, as further discussed at Notes 13, 15 and 16.

L. Subsequent Events

Management has evaluated subsequent events through January 10, 2019, the date on which the financial statements were available to be issued. There were no subsequent events identified by management which would require disclosure in the financial statements.

M. Changes in Accounting Principles

The District has adopted all current Statements of Governmental Accounting Standards Board (GASB) that are applicable. For the year ended June 30, 2018, the District implemented the following new standards issued by GASB:

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

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

Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

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

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

N. <u>Authoritative Pronouncements Not Yet Adopted</u>

The following statements issued by the Governmental Accounting Standards Board (GASB) are effective for year ends after June 30, 2018 and management is evaluating the impact of the implementation of these statements on their financial statements.

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

- This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs;
- This Statement requires that recognition occur when the liability is both incurred and reasonably estimable;
- This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred;
- This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement;
- This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually;
- This Statement requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays;
- This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

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

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

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

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

NOTE 2 – CASH AND INVESTMENTS

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

	Governmental Funds
Cash in County Treasury	$ 69,743,050
Cash on hand, in banks and revolving fund	202,793
Cash with fiscal agent	3,047,151
Total cash	72,992,994
Investments	62,428
Total cash and investments	$ 73,055,422

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

A. Investments Authorized by the District's Investment Policy

The District's investment policy requires compliance with current state law, current legislation and applicable education codes.

B. Disclosures Relating to Interest Rate Risk

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

District policy provides that any given instrument will not have a maturity in excess of five years. No less than fifty percent (50%) of the District's portfolio shall be in maturities of one year or less. Up to thirty-five (35%) cumulative of the portfolio may be invested for two years; and up to ten percent (10%) may be invested in years three and four; and up to five percent (5%) may be invested for five years.

C. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Local Agency Investment Fund (LAIF) does not have a rating provided by a nationally recognized statistical rating organization.

District policy provides for the investigation of the financial soundness, experience and personnel of all institutions or brokerage firms prior to the committal of any funds on behalf of the District.

D. Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. District policy does require diversification of the investment portfolio in such a manner not to obligate the District towards dependence in one investment instrument. Investments in any one financial instrument shall not exceed $2,500,000 or 50% of the total portfolio at time of investment settlement with the exception of the United States Government or its agencies, Kern County Treasurer's Fund, or Local Agency Investment Fund.

E. Custodial Credit Risk

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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

F. Investment in State Investment Pool

The District is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The $62,428 fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis that approximates fair value.

NOTE 3 – FAIR VALUE MEASUREMENTS

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

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Uncategorized – Investments in LAIF are not measured using the input levels above because the District transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2018:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
LAIF	$ 62,428	$ -	$ -	$ -	$ 62,428

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018, consist of the following:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund	Other Governmental Funds	Totals
Federal government:						
Categorical aid programs	$ 4,326,812	$ -	$ -	$ -	$ 1,059,074	$ 5,385,886
State government:						
Categorical aid programs	26,393	-	-	-	49,266	75,659
Other	1,056,007	-	-	-	-	1,056,007
Total state government	1,082,400	-	-	-	49,266	1,131,666
Local government:						
Interest	124,421	77,213	38,279	22,574	23,226	285,713
Other	435,451	-	-	-	29,800	465,251
Total local	559,872	77,213	38,279	22,574	53,026	750,964
Total accounts receivable	$ 5,969,084	$ 77,213	$ 38,279	$ 22,574	$ 1,161,366	$ 7,268,516

NOTE 5 – INTERFUND TRANSACTIONS

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

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

As of June 30, 2018, interfund receivables and payables were as follows:

Funds	Interfund Receivables	Interfund Payables
General fund	$ 1,187,854	$ 646,661
Capital facilities fund	2,234	2,480
Special reserve fund for capital outlay	535,434	415,065
Non-major governmental funds	244,392	905,708
Total	$ 1,969,914	$ 1,969,914

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers for the 2017-18 fiscal year were as follows:

Funds	Transfers In	Transfers Out
General fund	$ 483,950	$ 85,766
Special reserve fund for capital outlay	-	403,637
Non-major governmental funds:		
Child development fund	-	80,313
Cafeteria fund	76,570	-
Debt service fund	9,196	-
Total	$ 569,716	$ 569,716

Transfer of $80,313 from the child development fund to the general fund was a contribution to support the District's Ready to Start program. The Ready to Start program is a 4-week pre-Kindergarten class available to students who have not completed preschool.

Transfer of $76,570 from the general fund to the cafeteria fund was for bad debts from school breakfast and lunch.

Transfer of $9,196 from the general fund to the debt service fund was a transfer of interest earned on bond repayment accounts.

Transfer of $403,637 from special reserve fund for capital outlay to the general fund was for acquisition of school buses.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018, is shown below:

	Balance June 30, 2017	Additions	Deductions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land	$ 12,150,705	$ –	$ –	$ –	$ 12,150,705
Work in progress	10,479,911	23,471,637	3,997,724	–	29,953,824
Total capital assets not being depreciated	22,630,616	23,471,637	3,997,724	–	42,104,529
Capital assets being depreciated:					
Buildings	203,602,612	3,309,169	–	4,716,078	211,627,859
Improvements of sites	67,538,107	680,107	26,669	(4,716,078)	63,475,467
Equipment	23,070,971	2,202,117	685,676	–	24,587,412
Total capital assets being depreciated	294,211,690	6,191,393	712,345	–	299,690,738
Less accumulated depreciation for:					
Buildings	85,276,016	4,830,672	–	(334,870)	89,771,818
Improvements of sites	14,085,470	2,984,163	8,612	334,870	17,395,891
Equipment	15,920,340	2,395,534	671,736	–	17,644,138
Total accumulated depreciation	115,281,826	10,210,369	680,348	–	124,811,847
Total capital assets being depreciated, net	178,929,864	(4,018,976)	31,997	–	174,878,891
Governmental activities capital assets, net	$201,560,480	$ 19,452,661	$ 3,965,727	$ –	$216,983,420

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Depreciation expense was charged to governmental activities as follows:

Governmental activities:		
Instruction	$	4,943,830
Facilities acquisition and construction		4,292,806
Home-to-school transportation		309,060
Plant services		290,200
All other general administration		199,011
Food services		64,987
Centralized data processing		43,587
Instructional library, media, and technology		39,019
All other pupil services		14,151
School site administration		10,232
Supervision of instruction		2,334
Community services		1,152
Total depreciation expense	$	10,210,369

NOTE 7 – GENERAL OBLIGATION BONDS

On May 29, 2013 the District issued $18,405,000 of Series A bonds for rehabilitation, repairs, technology upgrades and modernization at school sites. The interest rate ranges from 3.0% to 4.0%. The final maturity date is August 1, 2042.

On April 23, 2015, the District issued $28,110,000 of Series B bonds for rehabilitation, repairs, and modernization at school sites. The interest rate ranges from 3.0% to 5.0%. The final maturity date is August 1, 2044.

On April 23, 2015, the District also issued $3,380,000 of Series T-1 bonds for technology upgrades. The interest rate is 5.0%. The final maturity date is August 1, 2019.

On April 12, 2017, the District issued $20,000,000 of Series C bonds for rehabilitation, repairs, modernization, and construction at school sites. The interest rate ranges from 4.0% to 5.0%. The final maturity date is August 1, 2046.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

The outstanding general obligation bond debt of the District as of June 30, 2018, is as follows:

Bond	Interest Rate	Date of Issue	Maturity Date	Amount of Original Issue	Bonds Outstanding June 30, 2017	Redeemed During Year	Bonds Outstanding June 30, 2018
Series A	3.0 to 4.0%	5/29/2013	8/1/2042	$ 18,405,000	$ 14,870,000	$ –	$ 14,870,000
Series B	3.0 to 5.0%	4/23/2015	8/1/2044	28,110,000	28,110,000	535,000	27,575,000
Series T-1	5.0%	4/23/2015	8/1/2019	3,380,000	2,635,000	705,000	1,930,000
Series C	4.0 to 5.0%	4/12/2017	8/1/2046	20,000,000	20,000,000	–	20,000,000
				$ 69,895,000	$ 65,615,000	$ 1,240,000	$ 64,375,000

The annual requirements to amortize the Series A 2012 General Obligation Bonds Payable, outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ –	$ 571,025	$ 571,025
2020	–	573,202	573,202
2021	20,000	569,520	589,520
2022	50,000	567,998	617,998
2023	85,000	566,599	651,599
2024-2028	1,010,000	2,757,337	3,767,337
2029-2033	2,305,000	2,462,205	4,767,205
2034-2038	4,330,000	1,814,444	6,144,444
2039-2043	7,070,000	641,993	7,711,993
Totals	$ 14,870,000	$ 10,524,323	$ 25,394,323

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

Year Ending June 30,	Principal	Interest	Total
2019	$ 560,000	$ 1,079,036	$ 1,639,036
2020	590,000	1,052,526	1,642,526
2021	615,000	1,017,051	1,632,051
2022	650,000	987,563	1,637,563
2023	680,000	951,048	1,631,048
2024-2028	3,950,000	4,195,272	8,145,272
2029-2033	4,845,000	3,337,046	8,182,046
2034-2038	5,680,000	2,457,028	8,137,028
2039-2043	6,865,000	1,208,025	8,073,025
2044-2045	3,140,000	75,012	3,215,012
Totals	$ 27,575,000	$ 16,359,605	$ 43,934,605

The annual requirements to amortize the Series T-1 2012 General Obligation Bonds Payable, outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 890,000	$ 55,901	$ 945,901
2020	1,040,000	4,559	1,044,559
Totals	$ 1,930,000	$ 60,460	$ 1,990,460

The annual requirements for amortize the Series C 2012 General Obligation Bonds Payable, outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ –	$ 908,350	$ 908,350
2020	–	910,839	910,839
2021	410,000	887,159	1,297,159
2022	–	887,850	887,850
2023	–	887,850	887,850
2024-2028	–	4,441,682	4,441,682
2029-2033	400,000	4,405,571	4,805,571
2034-2038	2,370,000	4,043,139	6,413,139
2039-2043	5,475,000	3,024,500	8,499,500
2044-2047	11,345,000	817,896	12,162,896
Totals	$ 20,000,000	$ 21,214,836	$ 41,214,836

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

NOTE 8 – CERTIFICATES OF PARTICIPATION

On April 23, 2015, the District refunded the existing certificate of participation (COP) in the amount of $26,920,000 due to the available favorable financing options. The original COP was acquired on July 21, 2006, in the amount of $33,880,000 to provide funds for the acquisition of land and the construction of school facilities. The interest rates on the refunded COP range from 2.0% to 5.0%. Interest is payable each March 1 and September 1.

The certificates mature through 2037 as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2019	4.0%	$ 815,000	$ 1,055,677	$ 1,870,677
2020	5.0%	850,000	1,018,768	1,868,768
2021	5.0%	900,000	966,435	1,866,435
2022	5.0%	945,000	923,455	1,868,455
2023	5.0%	985,000	874,551	1,859,551
2024-2028	5.0%	5,715,000	3,552,411	9,267,411
2029-2033	3.375% - 5.0%	7,290,000	1,926,403	9,216,403
2034-2037	3.375% - 3.5%	6,970,000	418,174	7,388,174
	Totals	$ 24,470,000	$ 10,735,874	$ 35,205,874

NOTE 9 – QUALIFIED ZONE ACADEMY BONDS (QZAB)

On March 17, 2016 and April 27, 2016, the District issued $10,000,000 and $20,000,000, respectively, of Qualified Zone Academy Bonds (QZAB) for the purpose of energy efficiency improvements such as solar arrays at school sites, lighting upgrades, and energy management.

The $10,000,000 QZAB matures on March 18, 2033, and is non-interest bearing. The QZAB payable outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Total
2019	$ 588,235
2020	588,235
2021	588,235
2022	588,235
2023	588,235
2024-2028	2,941,176
2029-2033	2,941,176
Totals	$ 8,823,527

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

The $20,000,000 QZAB matures on April 27, 2033, and bears an interest rate of 1% per annum. Interest payments started on April 27, 2017, and are paid annually as indicated. The QZAB payable outstanding as of June 30, 2018, are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 1,176,471	$ 200,000	$ 1,376,471
2020	1,176,471	200,000	1,376,471
2021	1,176,471	200,000	1,376,471
2022	1,176,471	200,000	1,376,471
2023	1,176,471	200,000	1,376,471
2024-2028	5,882,353	1,000,000	6,882,353
2029-2033	5,882,353	1,000,000	6,882,353
Totals	$ 17,647,061	$ 3,000,000	$ 20,647,061

NOTE 10 – CAPITAL LEASES

The California Department of Education (CDE) and the District entered into a contract and lease-to-own agreement for the pre-kindergarten facility at Seibert Elementary. The CDE paid $210,000 for the purchase and installation of the facility. The District agreed to lease the facility with no interest for ten years. Under terms of the lease, the title will be transferred to the District upon repayment of the entire amount of the funds.

The future minimum lease payment is as follows:

Year ending June 30,	Lease Payments
2019	$ 21,000

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

NOTE 11 – LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2018, is shown below:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year	Due After One Year
General obligation bonds						
Series A	$ 14,870,000	$ –	$ –	$ 14,870,000	$ –	$ 14,870,000
Unamortized premium	162,897	–	6,286	156,611	6,286	150,325
Total Series A	15,032,897	–	6,286	15,026,611	6,286	15,020,325
Series B	28,110,000	–	535,000	27,575,000	560,000	27,015,000
Unamortized premium	1,628,986	–	58,569	1,570,417	58,568	1,511,849
Total Series B	29,738,986	–	593,569	29,145,417	618,568	28,526,849
Series T-I	2,635,000	–	705,000	1,930,000	890,000	1,040,000
Series C	20,000,000	–	–	20,000,000	–	20,000,000
Unamortized premium	1,593,993	–	56,877	1,537,116	56,877	1,480,239
Total Series C	21,593,993	–	56,877	21,537,116	56,877	21,480,239
Total General obligation bonds	69,000,876	–	1,361,732	67,639,144	1,571,731	66,067,413
Certificates of participation	25,265,000	–	795,000	24,470,000	815,000	23,655,000
Unamortized premium	2,488,054	–	116,083	2,371,971	116,083	2,255,888
Total Certifications of participation	27,753,054	–	911,083	26,841,971	931,083	25,910,888
Qualified Zone Academy Bond	28,235,294	–	1,764,706	26,470,588	1,764,706	24,705,882
Capital Leases	42,000	–	21,000	21,000	21,000	–
Grand Total	$ 125,031,224	$ –	$ 4,058,521	$ 120,972,703	$ 4,288,520	$ 116,684,183

NOTE 12 – JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District participates in six joint ventures under joint powers agreements (JPAs); three with the Self Insured Schools of California (SISC), one with Partners in Nutrition Cooperative (PinCo), one with School District Facility Services and one with Schools Legal Services. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

Self-Insured Schools of California (SISC) arranges for and provides insurance for its members. A board consisting of representatives from the member districts governs SISC. The board controls the operations of SISC, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC.

Partners in Nutrition Cooperative (PinCo) coordinates the acquisition, storage and distribution of commodities and other related food product to member districts in California. An advisory committee consisting of representatives from member districts governs PinCo. The advisory committee controls the operations of PinCo including the review of performance of the lead district; and the review and approval of the monthly service fee to be paid by the member districts to the lead district. The advisory committee functions independently of any influence by the member districts beyond their representation on the committee. Each member district establishes a revolving fund approximately equal to 2.5 times the average monthly purchases, plus some additional expenses.

School District Facility Services (SDFS), established in 1994, provides administrative services to member districts pursuant to various statutory provisions related to the collection of School Facilities Fees (formerly Developer Fees) levied on new construction and/or other school facilities issues pertinent to school construction funding. Member districts are limited to public school districts or other public educational entities within the County of Kern and the Kern County Superintendent of Schools. The SDFS Advisory Board is comprised of fifteen elected officials from member districts and the agency is funded through an assessment of 1.5% of the fees collected on behalf of each member district. Advisory Board members include small and large school districts, both urban and rural, with the governing board structured to ensure input from each. The Kern County Superintendent of Schools acts as the administrative agent for the SDFS JPA.

Schools Legal Service (SLS) is a legal services consortium serving school and community college districts and county offices of education since 1976. The first such agency of its kind in California, the service is based in Bakersfield, administered by the Kern County Superintendent of Schools, and serves agency members throughout the state. The SLS governing board is made up of representatives of school and community college districts and county office of education members. Governing Board members include small and large school districts, both urban and rural, with the governing board structured to ensure input from each. Members pay a minimum annual fee for legal services based on student enrollment; collective bargaining services are provided for an additional fee based on district size and number of bargaining units. (Fees allocated to hours of collective bargaining services rendered and related expenses are generally recoverable as mandated costs). SLS services include the following:

- Help-desk for general education law matters
- Personnel advice and representation in disciplinary proceedings
- Advice and representation in student discipline matters
- Special education advice and representation at difficult individualized education programs (IEPs), mediations and fair hearings
- Construction document review
- Construction litigation
- Collective bargaining advice and representation at the bargaining table
- Representation in Public Employment Relations Board (PERB) hearings
- Monitor legislative developments of concern to members

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

- Defense in most litigation matters not covered by insurance
- Formation and counseling of educational foundations
- Copyright and trademark registration
- General transactional work (Contract review and drafting)
- Workshops and clinics on special topics
- Access to publications and websites

NOTE 13 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

The District's financial statements include revenues apportioned from the State of California that are considered continuously appropriated under State Education Code. Continuously Appropriated means that the State does not specifically appropriate the apportionment year after year in its budget approval process under this guidance.

B. Property Taxes

The County of Kern and its related municipal entities have been subjected to continuing taxpayer litigation suits asserting over assessments of property taxes. The Auditor-Controller of Kern County has advised the District that it would be prudent to impound funds in anticipation of possibly adverse findings by the courts. The balance in the District's impound account was $3,333,243 at June 30, 2018. The pending appeals plus interest was $1,198,608, which leaves an excess of liability balance of $2,134,635 as of June 30, 2018.

C. Operating Lease

The District leases equipment under a non-cancelable operating lease that expires December 1, 2020. Rental expense for the year ended June 30, 2018 was $55,634. At June 30, 2018, total annual rental commitments are as follows:

Year ending June 30,

2019	$	55,634
2020		55,634
2021		55,634
	$	166,902

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

D. Contractual Obligations

The District has active construction projects as of June 30, 2018. At year-end, the District's major commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Dolores S. Whitley Elementary School	$ 24,067,221	$ 932,779
Highgate Elementary Construction	2,453,324	29,546,676
Panama Elementary Modernization	2,961,020	17,038,980
Thompson Jr. High Renovation	423,679	1,576,321
Other Capital Projects	48,369	135,000
Total	$ 29,953,613	$ 49,229,756

E. Retirement Incentives

See Note 14 for a full description of the retirement incentive commitments as of June 30, 2018.

F. Employee Benefits

All full-time District employees are required to participate, along with their spouses and dependents, in a pooled, composite-rated plan administered by Self Insured Schools of California (SISC). Employees working half-time or more are allowed to participate at their option, but the District's contribution for their benefits is limited to the same percentage as the employee's full time equivalence. The SISC risk pool comprises numerous other California school districts. Under this program, a pseudo premium is assessed for each employee participant in each district reflecting the level of benefits each District elected to provide its employees, and the cost trend and reserves of the pool.

NOTE 14 – RETIREMENT INCENTIVE

The District adopted a supplementary retirement plan in January 2015 supplementing STRS/PERS, and qualifying under the relevant sections of Section 403 (b) of the Internal Revenue Code. Participants will receive five annual contributions totaling $50,000 to a 403(b) annuity contract or custodial account with a District-approved vendor of the employee's choosing. Each annual contribution is $10,000. A total of 26 employees satisfied the conditions for eligibility as described.

The sum of the contributions equaled:

- Certificated non-management employees = 80% of final pay;
- Certificated management employees = $10,000
- Classified employees = 50% of final pay

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

The District's contributions to the Plan will be funded in annual installments as follows:

Supplementary Retirement Plan
Contribution Schedule

Date	Amount
7/1/2018	$ 260,000
7/1/2019	260,000
	$ 520,000

NOTE 15 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California and the Kern County Superintendent of Schools. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). Part-time temporary and seasonal (PTS) employees may elect to become members of SISC (see Note 13) Defined Benefit Plan (SDBP).

The District implemented GASB Statements No. 68 and No. 71 during the fiscal year ended June 30, 2015. As a result, the District now reports its proportionate share of the net pension liabilities, pension expense, deferred inflow of resources and deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Proportionate Share of Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalPERS	$ 44,759,000	$ 14,000,657	$ 526,986	$ 4,240,849
CalSTRS	126,529,000	11,702,371	720	13,963,858
SISC Defined	203,549	415,741	329,684	103,355
Total	$ 171,491,549	$ 26,118,769	$ 857,390	$ 18,308,062

The details of each plan are as follows:

A. California Public Employees' Retirement System (CalPERS)

1. Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statutes, as legislatively amended, within the Public Employees' Retirement Law, establish benefit provisions. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

2. Benefits Provided

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

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

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 50	2% at 52
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.1% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.00%
Required employer contribution rates	15.531%	15.531%

3. Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Estimated rate increases based on actuarial information for CalPERS are as follows:

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

July 1, 2017, by 4.83 percent
July 1, 2018, by 6.43 percent
July 1, 2019, by 8.13 percent
July 1, 2020, by 8.63 percent

For the year ended June 30, 2018, the contributions recognized as part of the pension expense for the Plan were as follows:

	CalPERS
Contributions – employer	$ 4,310,976
Contributions – employee (paid by employer)	-

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	$ 44,759,000

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

Proportion – June 30, 2016	0.185%
Proportion – June 30, 2017	0.187%
Change in Net Pension Liability	0.002%

For the year ended June 30, 2018, the District recognized pension expense of $4,240,849 for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,310,976	$ –
Changes in assumptions	6,537,783	(526,986)
Differences between expected and actual experience	1,603,537	–
Net differences between projected and actual earnings on plan investments	1,548,361	–
Total	$ 14,000,657	$ (526,986)

The District reported $4,310,976 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year Ended June 30,	
2019	$ 2,542,147
2020	4,388,147
2021	3,080,285
2022	(847,884)
Total	$ 9,162,695

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

5. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2016 valuation was rolled forward to determine the June 30, 2017 total pension liability, based on the following actuarial methods and assumptions:

Valuation date:	June 30, 2016
Measurement date:	June 30, 2017
Measurement period:	July 1, 2016 to June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchase Power applies, 2.75% thereafter

(1) 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 April 2014 CalPERS Experience Study and Review of Actuarial Assumptions 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. The Experience Study report may be accessed on the CalPERS website.

6. Change of Assumptions

In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

7. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

(PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%

(1) An expected inflation of 2.5% was used for this period
(2) An expected inflation of 3.0% was used for this period

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

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

1% Decrease		6.15%
Net Pension Liability	$	65,855,104
Current Discount Rate		7.15%
Net Pension Liability	$	44,759,000
1% Increase		8.15%
Net Pension Liability	$	27,258,352

9. Pension Plan Fiduciary Net Position

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

B. California State Teacher's Retirement System (CalSTRS)

1. Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website.

2. Benefits Provided

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

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

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

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

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.0% to 2.4%
Required employee contribution rates	10.25%	9.21%
Required employer contribution rates	14.43%	14.43%
Required state contribution rate	9.33%	9.33%

3. Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period, commencing July 1, 2014. The amount of contributions will increase by the following percentages of the creditable compensation upon which members' contributions under the Defined Benefit Program are based:

July 1, 2017, by 6.18 percent
July 1, 2018, by 8.03 percent
July 1, 2019, by 9.88 percent
July 1, 2020, by 10.85 percent

For fiscal year 2021-22 and each fiscal year thereafter, the STRS board shall increase or decrease the percentages paid from the percentage paid in during the prior year to reflect the contribution required to eliminate by the June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2015, as determined by the STRS board based on a recommendation from its actuary.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

For the year ended June 30, 2018, the contributions recognized as part of the pension expense for the Plan were as follows:

		CalSTRS
Contributions – employer	$	11,605,321
Contributions – employee (paid by employer)	$	–

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability
Miscellaneous Plan	$	126,529,000

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

Proportion – June 30, 2016	0.136%
Proportion – June 30, 2017	0.137%
Change in Net Pension Liability	0.001%

For the year ended June 30, 2018, the District recognized pension expense of $13,963,858 for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$	11,605,321	$	–
Differences between expected and actual experience		97,050		–
Net differences between projected and actual earnings on plan investments		–		(720)
Total	$	11,702,371	$	(720)

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

The District reported $11,605,321 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the year ended June 30, 2020.

5. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date:	June 30, 2016
Measurement date:	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate / Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth / Payroll Growth	3.50%
Post Retirement Benefit Increase	2% simple for DB (annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

For the purpose of determining the total pension liability, the assumptions used in the June 30, 2016 financial reporting actuarial valuation were applied to all periods prior to July 1, 2017. The assumptions applied to those periods on and after July 1, 2017 are reflected in the table above.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

6. Changes of Assumptions

During fiscal year 2016–17, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the CalSTRS board in February 2017. As a result of the study, certain assumptions used in determining the Net Pension Liability (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 from June 30, 2016 to June 30, 2017 were a decrease from 3.00% to 2.75% in the Consumer Price Inflation, a decrease from 7.60% to 7.10% in the Investment Rate of Return, and a decrease from 3.75% to 3.50% in Wage Growth.

CalSTRS changed its mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. 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.

7. Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions and benefit payments 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance—PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the period ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return (1)
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%

(1) 20-year average

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

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

1% Decrease		6.10%
Net Pension Liability	$	185,784,086
Current Discount Rate		7.10%
Net Pension Liability	$	126,529,000
1% Increase		8.10%
Net Pension Liability	$	78,438,673

9. Pension Plan Fiduciary Net Position

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

C. SISC Defined Benefit Plan (SDBP)

1. Plan Description

The District contributes to the SISC Defined Benefit Plan (SDBP), a cost-sharing multiple employer public employee retirement plan. The District is part of a "cost sharing" pool with SDBP. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. The plan provides for retirement benefits

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

established by California Government Code Section 6507, which created Self-Insured Schools of California (SISC), a Joint Powers Agency with the authority to establish and amend the benefit provisions of the plan. SDBP issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the SDBP annual financial report may be obtained from the SDBP, 1300 17th Street, Bakersfield, California 93301.

2. Funding Policy

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the SISC III Board of Directors. The required employer contribution rate was 3.7% of the annual payroll for 2018, 3.7% of annual payroll for 2017 and 3.2% for 2016. The contribution requirements of the plan members are established by state statute. The District's contributions to SDBP for the fiscal years ending June 30, 2018, 2017, and 2016 were $203,067, $217,232, and $185,406, respectively, and were equal to the required contributions for each year.

The SISC Defined Benefit Plan provisions and benefits in effect as June 30, 2018, are summarized as follows:

Eligibility (Hire) date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	1.5% at 65	1.5% at 65
Benefit vesting schedule	Beginning date of participation	Beginning date of participation
Benefit payments	Monthly for life	Monthly for life
Retirement age	65+	65+
Monthly benefits, as a % of eligible compensation	1.50%	1.50%
Required employee contribution rates	0.00%	1.60%
Required employer contribution rates	3.70%	2.10%

3. Contributions

The Omnibus Budget Reconciliation Act of 1990 required governmental agencies to cover their part-time, temporary, and seasonal employees under a retirement plan. This legislation allows governmental agencies to satisfy this requirement by utilizing either Social Security, a Defined Contribution Plan, or Defined Benefit Plan (such as the SISC plan). The rate for the SISC plan is established on an annual basis as approved from the SISC board. The SISC board relies on data from their actuary to establish annual contribution rates.

For the year ended June 30, 2018, the contributions recognized as part of the pension expense for the Plan were as follows:

	SISC DBP
Contributions - employer	$ 134,668
Contributions - employee (paid by employer)	$ 68,399

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

4. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to SISC DBP

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	$ 203,549

The District's net pension liability for the Plan is measured as a proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2017 and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of December 31, 2016 and 2017 was as follows:

Proportion - December 31, 2016	5.155%
Proportion - December 31, 2017	5.278%
Change in Net Pension Liability	0.123%

For the year ended June 30, 2018, the District recognized pension expense of $103,355 for the Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 203,067	$ -
Changes in assumptions	12,683	-
Differences between expected and actual experience	129,361	(120,739)
Net differences between projected and actual earnings on plan investments	70,630	(208,945)
Total	$ 415,741	$ (329,684)

The District reported $203,067 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

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

Year Ended June 30,		
2019	$	(14,633)
2020		(22,561)
2021		(53,912)
2022		(48,599)
2023		(348)
Thereafter		23,043
Total	$	(117,010)

5. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation date:	December 31, 2017
Measurement date:	December 31, 2017
Actuarial Cost Method	Projected Unit Credit
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	3.00%
Salary Increases	3.5% , average, including inflation
Investment Rate of Return	7.0% , net of investment expense, including inflation
Mortality Rates	RP-2014 Employee and Health Annuitant Mortality Tables for Males or Females, as appropriate, without projection
Retirement	It is assumed all participants will return or terminate employment by age 70
Form of Payment	Lump sum according to plan provisions (1984 Unisex Mortality Table, 8% interest rate)

Further details can be found on the website for SISC Defined Benefit Plan.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

6. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from member districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

The long-term expected rate of return on pension plan investments was determined using the "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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Estimated Real Rate of Return
Fixed Income/Money Market	2%
Equity	5%
Cash/Other	1%

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

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

1% Decrease		6.00%
Net Pension Liability	$	436,697
Current Discount Rate		7.00%
Net Pension Liability	$	203,549
1% Increase		8.00%
Net Pension Liability	$	(1,573)

8. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SISC Defined Benefit Plan financial report.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Plan Description

The Panama-Buena Vista Union School District Postemployment Benefits Plan (the Plan) is a single-employer, defined benefit healthcare plan administered by Self-Insured Schools of California (SISC). The Plan provides medical insurance benefits to eligible employees and their spouses (not surviving spouse). Medical benefits include inpatient services at 80%. Other base benefits include surgery, anesthesia, diagnostic x-ray and laboratory. Major medical has a $200 deductible with a family maximum of $500. The District's Board of Trustees has the authority to establish and amend benefit provisions. The Plan is included in the financial report of Self-Insured Schools of California (SISC) which can be obtained by contacting Glenn A. Imke, Assistant Superintendent Business Services, Panama-Buena Vista Union School District, 4200 Ashe Road, Bakersfield, California 93313.

Self-Insured Schools of California (SISC) GASB 45 Trust A (Trust A) was established to provide governmental agencies in the state of California a mechanism for pre-funding Other Post-Employment Benefits (OPEB) liabilities. At June 30, 2018, 51 employers had elected to participate in the trust. The purpose of the plan is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the employer's own funding schedule, and there are no long-term contracts for contributions to the plan. Participating employers reserve the right at any time or times to discontinue contributions to any extent in their sole judgment. Failure to contribute to the Trust in any plan year will not discontinue the Trust. Participating employers may obtain a transfer of assets from the Trust only in accordance with the conditions set forth in the Trust document. Such a transfer cannot be effective prior to the end of any Trust year that is on or before the third anniversary of the employer's entry date into the Trust. The Trust is an agent multiple–employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74 with pooled administrative and investment functions.

Participating employers may receive disbursements from the Trust not to exceed the annual premium and other costs of eligible post-employment benefits. If the employer's participation in the Trust terminates, all assets in the employer's prefunding account shall remain in the Trust except as otherwise provided. Allowable termination disbursements are to a trustee or as a trustee transfer of assets upon satisfactorily showing the Trust the transfer will satisfy applicable requirements of the Internal Revenue Code and the Trust's fiduciary duties, or the employer substantiates to the Trust that all of the employer's obligations for the payment of postemployment benefits has been satisfied.

Management of the Trust is vested in the SISC III Health and Welfare Benefits Program board of directors. As of June 30, 2018 the board had 25 members, who are elected from and by representatives of SISC III member districts.

B. Eligibility

Certificated employees, who retire from the District on or after attaining age 59 with at least 15 years of service or attaining age 55 with at least 20 years of service, and classified employees who retire on or after attaining age 60 with at least 10 years of service or attaining age 55 with

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

at least 20 years of service. Coverage for retirees is until age 65. There were 99 retirees who met these eligibility requirements at June 30, 2018.

C. Employees Covered

As of the June 30, 2016 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

	Certificated	Classified	All Groups
Active Employees	1,033	363	1,396
Inactive employees or beneficiaries currently receiving benefits	73	26	99
Inactive employees entitled to, but not yet receiving benefits	–	–	–
	1,106	389	1,495

D. Contributions

The contribution requirements of plan members and the District are established by the District's Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District's Board of Trustees. For the fiscal year ending June 30, 2018, the District contributed $2,664,178 to the Plan, of which $2,147,178 was used for current premiums and $517,000 was used to fund the OPEB Trust.

E. Investments

1. Investment Policy

State statutes and SISC Trust A's Board policies allow investments in government and domestic debt, domestic equities, mutual funds and other investments. Trust A's policy in regard to the allocation of invested assets is established and may be amended by the SISC III Board of Directors by a majority vote of its members. It is the policy of the SISC III Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets are managed on a total return basis. The policy will be reviewed on an annual basis, and the SISC III Board of Directors must approve any modifications made thereto.

Trust A's investment policy restricts the investment allocation of the plan. It is the guideline of the plan to maintain approximately a 60/40 balance on a percentage basis of equities to fixed income as of June 30, 2017. It is also understood that from time to time, this will fluctuate in either direction and can be rebalanced due to market conditions. There were changes to the investment policy for the year ended June 30, 2018. Those changes set maximum limits by asset category. Assets will not exceed a maximum allocation percentage by category of: equities – 70%, fixed income – 70% and non-correlating assets – 20%.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

2. Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 12.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Net OPEB Liability

The District's net OPEB liability of $24,201,100, was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2017, were as follows:

	Certificated	Classified	All Groups
Total OPEB Liability			
Current Retirees	$ 4,020,900	$ 1,139,800	$ 5,160,700
Active Employees	17,459,300	4,917,600	22,376,900
Total	21,480,200	6,057,400	27,537,600
Plan Fiduciary Net Position	2,602,600	733,900	3,336,500
District's Net OPEB Liability	$ 18,877,600	$ 5,323,500	$ 24,201,100

The Plan's Fiduciary net position as a percentage of the total OPEB liability is 12.11%.

1. Actuarial Assumptions

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

Valuation date:	June 30, 2016
Measurement date:	June 30, 2017
Measurement period:	July 1, 2016 to June 30, 2017
Actuarial Assumptions:	
Discount Rate	6.50%
Investment Rate of Return	6.50%
Salary Increases	3.00%
Healthcare cost trend rates	6.25% for 2017

Mortality rates are from the CalSTRS experience study of the five years ending June 30, 2015 and the CalPERS school employer experience study for the fourteen years ending June 30, 2011. In particular, CalSTRS mortality for active and disabled retirees is the RP-2014 White Collar Employee and Disabled Retiree Mortality Tables, respectively, set back two years and projected generationally from 2014 with 110% of the ultimate MP-2016 projection scale. CalSTRS mortality for healthy retirees is a customized STRS Table projected generationally from 2016 with 110% of the ultimate MP-2016 projection scale.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Estimated Real Rate of Return
Fixed Income/Money Market	2%
Equity	5%
Cash/Other	1%

2. Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB lability.

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

G. Changes in the Net OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance at Reporting Date June 30, 2017 (Valuation Date June 30, 2016)	$ 26,831,600	$ 2,840,300	$ 23,991,300
Increase/(decrease) within Fiscal 2017/18 attributable to			
Service cost	1,225,600	–	1,225,600
Interest cost	1,711,900	–	1,711,900
Effect of change in actuarial assumptions/methods	–	–	–
Other liability experience loss/(gain)	–	–	–
Effect of plan amendments	–	–	–
Contributions	–	2,730,900	(2,730,900)
(Benefit payments)	(2,231,500)	(2,231,500)	–
(Non-benefit-related admin expenses from Plan Trusts)	–	(1,604)	1,604
Expected investment return	–	200,798	(200,798)
Investment experience (loss)/gain	–	(202,394)	202,394
Net increase/(decrease) within Fiscal 2017/18	706,000	496,200	209,800
Balance at Reporting Date June 30, 2018	$ 27,537,600	$ 3,336,500	$ 24,201,100

1. Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease		5.5%
Net OPEB Liability	$	25,827,600
Current Discount Rate		6.5%
Net OPEB Liability	$	24,201,100
1% Increase		7.5%
Net OPEB Liability	$	22,656,900

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

2. Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the District if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rates, for measurement period ended June 30, 2017:

1% Decrease		3.0%
(Various initial rates grading to ultimate 3.0%)		
Net OPEB Liability	$	22,305,500
Current Discount Rate		4.0%
(Various initial rates grading to ultimate 4.0%)		
Net OPEB Liability	$	24,201,100
1% Increase		5.0%
(Various initial rates grading to ultimate 5.0%)		
Net OPEB Liability	$	26,359,300

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

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $2,778,785. As of fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 2,664,178	$ -
Net differences between projected and actual earnings on OPEB plan investments	161,915	-
Total	$ 2,826,093	$ -

Panama-Buena Vista Union School District
Notes to the Basic Financial Statements
June 30, 2018

The $2,664,178 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,		
2019	$	40,479
2020		40,479
2021		40,479
2022		40,478
Total	$	161,915

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

In the fund financial statements, the General Fund beginning fund balance was decreased by $392,852 to correct a prior over accrual of accounts receivable due to the District from Parent Club accounts.

In the government-wide financial statements, beginning net position was increased by $1,506,542, to correct a prior overstatement of accrued interest on long-term debt.

In addition to the above, the District adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, in the current year. As a result, beginning net position was reduced as required by GASB 75, in the amount of $13,982,179.

The total impact of adjustments to beginning net position in the District-wide financial statements is as follows:

		Increase (decrease)
Over accrual of accounts receivable	$	(392,852)
Over accrual of interest on long-term debt		1,506,542
GASB 75 net OPEB obligation		(13,982,179)
Net (decrease) to beginning net position	$	(12,868,489)

REQUIRED SUPPLEMENTARY INFORMATION SECTION

Panama-Buena Vista Union School District
General Fund Budgetary Comparison Schedule
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual (GAAP Basis)	(Negative)
Revenues:				
Local control funding formula sources	$ 154,964,219	$ 156,184,368	$ 155,680,553	$ (503,815)
Federal	9,642,541	11,718,502	10,852,781	(865,721)
Other state	18,501,299	24,924,779	26,862,254	1,937,475
Other local	1,276,023	1,084,849	1,567,205	482,356
Total revenues	184,384,082	193,912,498	194,962,793	1,050,295
Expenditures:				
Certificated salaries	79,114,750	83,322,229	83,716,241	(394,012)
Classified salaries	26,457,755	27,803,789	28,736,315	(932,526)
Employee benefits	52,271,663	53,615,525	53,010,252	605,273
Books and supplies	8,180,050	9,244,071	7,856,749	1,387,322
Services and other operating expenditures	11,602,652	13,606,358	12,064,290	1,542,068
Capital outlay	533,261	3,071,946	3,531,143	(459,197)
Other outgo	4,742,950	5,466,090	5,474,656	(8,566)
Direct Support/Indirect Costs	(416,952)	(426,883)	(406,881)	(20,002)
Debt service:				
Principal	1,764,706	1,764,706	1,764,706	–
Interest	200,000	200,000	200,000	–
Total expenditures	184,450,835	197,667,831	195,947,471	1,720,360
Surplus of revenues over expenditures	(66,753)	(3,755,333)	(984,678)	2,770,655
Other financing sources (uses)				
Transfers in	–	433,237	483,950	50,713
Transfers out	–	–	(85,766)	(85,766)
Total other financing sources	–	433,237	398,184	(35,053)
Surplus of revenues and other financing sources over expenditures and other uses	(66,753)	(3,322,096)	(586,494)	2,735,602
Fund balances, July 1, 2017, as originally reported	26,829,451	26,829,451	26,829,451	–
Prior Period Adjustments	–	–	(392,852)	(392,852)
Fund balances, July 1, 2017, as restated	26,829,451	26,829,451	26,436,599	(392,852)
Fund balances, June 30, 2018	$ 26,762,698	$ 23,507,355	$ 25,850,105	$ 2,342,750

Panama-Buena Vista Union School District
Schedules of Proportionate Share of the Net Pension Liability
As of June 30, 2018

CalPERS - Last 10 Years*

	2018	2017	2016	2015
Proportion of the net pension liability	0.187%	0.185%	0.184%	0.185%
Proportionate share of the net pension liability	$ 44,759,000	$ 36,518,000	$ 27,193,000	$ 21,004,000
Covered - employee payroll	$ 27,247,023	$ 24,077,309	$ 22,249,149	$ 20,432,813
Proportionate share of the net pension liability as percentage of covered-employee payroll	164.27%	151.67%	122.22%	102.80%
Plan's fiduciary net position	$ 60,998,386,333	$ 53,912,964,588	$ 56,911,065,643	$ 56,940,364,500
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

CalSTRS - Last 10 Years*

	2018	2017	2016	2015
Proportion of the net pension liability	0.137%	0.136%	0.142%	0.125%
Proportionate share of the net pension liability	$ 126,529,000	$ 110,067,000	$ 95,299,000	$ 72,829,000
Covered - employee payroll	$ 81,414,285	$ 73,568,921	$ 68,917,226	$ 65,188,973
Proportionate share of the net pension liability as percentage of covered-employee payroll	155.41%	149.61%	138.28%	111.72%
Plan's fiduciary net position	$210,289,900,000	$189,113,487,000	$191,822,336,000	$190,474,016,000
Plan fiduciary net position as a percentage of the total pension liability	69.50%	70.04%	74.02%	76.52%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

Panama-Buena Vista Union School District
Schedules of Proportionate Share of the Net Pension Liability
As of June 30, 2018

SISC Defined Benefit Plan - Last 10 Years*

	2018	2017	2016	2015
Proportion of the net pension liability	5.278%	5.155%	4.606%	4.421%
Proportionate share of the net pension liability	$ 203,549	$ 197,725	$ 227,823	$ 34,457
Covered - employee payroll	$ 5,488,256	$ 5,440,773	$ 4,754,048	$ 4,181,624
Proportionate share of the net pension liability as percentage of covered-employee payroll	3.709%	3.634%	4.792%	0.824%
Plan's fiduciary net position	$ 50,742,881	$ 42,905,365	$ 38,934,357	$ 39,114,739
Plan fiduciary net position as a percentage of the total pension liability	92.94%	91.80%	88.73%	98.05%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

Panama-Buena Vista Union School District
Schedule of Changes in the Net OPEB Liability and Related Ratios
As of June 30, 2018

Fiscal Year Ending		June 30, 2018
Measurement Period Ending		June 30, 2017
Total OPEB Liability		
Service Cost	$	1,225,600
Interest		1,711,900
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		-
Benefit payments		(2,231,500)
Net change in total OPEB liability		706,000
Total OPEB liability - beginning		26,831,600
Total OPEB liability - ending (a)	$	27,537,600
Plan Fiduciary Net Position		
Contributions - employer	$	2,730,900
Net investment income		(1,596)
Benefit payments		(2,231,500)
Administrative expense		(1,604)
Net change in plan fiduciary net position		496,200
Plan fiduciary net position - beginning		2,840,300
Plan fiduciary net position - ending (b)	$	3,336,500
District's net OPEB liability - ending (a)-(b)	$	24,201,100
Plan fiduciary net position as a percentage of the total OPEB liability		12.12%
Covered-employee payroll	$	85,881,500
Net OPEB liability as a percentage of covered-employee payroll		28.18%

Notes to schedule:

* Changes in assumptions: The discount rate remained unchanged at 6.50% (net of administrative expense) for the measurement period ended June 30, 2017.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2018

CalPERS – Last 10 Years*

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 4,310,976	$ 3,333,597	$ 2,683,045	$ 2,405,146
Contributions in relation to the actuarially determined contributions	4,310,976	3,333,597	2,683,045	2,405,146
Contribution deficiency (excess)	$ –	$ –	$ –	$ –
Covered-employee payroll	$ 27,247,023	$ 24,077,309	$ 22,249,149	$ 20,432,813
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%
Notes to schedule:				
Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	17 years	18 years	19 years	15 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%	2.75%	3.50%
Salary increases	Varies by entry age and service	Varies by entry age and service	4.5% , average, including inflation of 3.0%	4.5% , average, including inflation of 3.0%
Investment rate of return	7.15% , net of pension plan investment expense, including inflation	7.50% , net of pension plan investment expense, including inflation	7.50% , net of pension plan investment expense, including inflation	7.75% , net of pension plan investment expense, including inflation
Retirement age	57 yrs.	57 yrs.	57 yrs.	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2018

CalSTRS – Last 10 Years*

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 11,605,321	$ 9,193,696	$ 7,333,367	$ 5,788,791
Contributions in relation to the actuarially determined contributions	$ 11,605,321	$ 9,193,696	7,333,367	5,788,791
Contribution deficiency (excess)	$ –	$ –	$ –	$ –
Covered-employee payroll	$ 81,414,285	$ 73,568,921	$ 68,917,226	$ 65,188,973
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
Notes to schedule:				
Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level dollar basis	Level dollar basis	Level dollar basis	Level dollar basis
Remaining amortization period	21 years	22 years	23 years	24 years
Asset valuation method	Fair value of net assets	Fair value of net assets	Fair value of net assets	Fair value of net assets
Inflation	2.75%	3.00%	3.00%	3.00%
Salary increases	3.5%, average, including inflation of 3.0%	3.75%, average, including inflation of 3.0%	3.75%, average, including inflation of 3.0%	3.5%, average, including inflation of 3.0%
Investment rate of return	7.10%, net of pension plan investment expense, including inflation	7.60%, net of pension plan investment expense, including inflation	7.60%, net of pension plan investment expense, including inflation	7.50%, net of pension plan investment expense, including inflation
Retirement age	60 yrs.	60 yrs.	60 yrs.	60 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table	RP-2000 Healthy Annuitant Mortality Table

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

Panama-Buena Vista Union School District
Schedules of Pension Contributions
As of June 30, 2018

SISC Defined Benefit Plan - Last 10 Years*

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 203,067	$ 217,232	$ 185,406	$ 131,949
Contributions in relation to the actuarially determined contributions	203,067	217,232	185,406	131,949
Contribution deficiency (excess)	$ –	$ –	$ –	$ –
Covered-employee payroll	$ 5,488,256	$ 5,440,773	$ 4,754,048	$ 4,181,624
Contributions as a percentage of covered-employee payroll	3.70%	3.70%	3.90%	3.16%
Notes to schedule:				
Valuation date:	12/30/2017	12/30/2016	12/30/2015	12/30/2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percent of pay	Level percent of pay	Level dollar, open period	Level dollar, open period
Remaining amortization period	7 years	7 years	7 years	7 years
Asset valuation method	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments	Fair market value, projected from preceding September 30 with expected contributions, distributions and earnings on investments
Inflation	3.00%	3.00%	3.00%	3.00%
Salary increases	3.50%, average including inflation	3.50%, average including inflation	3.50%	3.50%
Investment rate of return	7.0%, net of investment expense, including inflation	7.0%, net of investment expense, including inflation	7.0%, net of investment expense, including inflation	7.0%, net of investment expense, including inflation
Retirement age	70 yrs.	70 yrs.	70 yrs.	70 yrs.
Mortality	RP-2014 Employee and Healthy Annuitant Mortality, without projection	RP-2014 Employee and Healthy Annuitant Mortality, without projection	RP-2014 Employee and Healthy Annuitant Mortality, without projection	RP-2000 Combined Mortality, static projection to 2012 by scale AA (Male and Female tables)

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown

Panama-Buena Vista Union School District
Schedule of OPEB Contributions and OPEB Investment Returns
As of June 30, 2018

OPEB Contributions

Fiscal year ended June 30,		2018
Contractually required contribution (actuarially determined)	$	3,164,400
Contributions in relation to the actuarially determined contributions		2,730,900
Contribution deficiency (excess)	$	433,500
Covered-employee payroll	$	85,881,500
Contributions as a percentage of covered-employee payroll		3.180%

Notes to schedule:

* Actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2018 were from the June 30, 2016 actuarial valuation.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

OPEB Investment Returns

	2018
Annual money-weighted rate of return, net of investment expense	12.05%

Notes to schedule:

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

OTHER SUPPLEMENTARY INFORMATION SECTION

Panama-Buena Vista Union School District
District Organization Structure
June 30, 2018

Panama-Buena Vista Union School District

On July 1, 1988, the Panama Union School District merged with the Buena Vista School District to form the Panama-Buena Vista Union School District (the "District"). The District is comprised of an area of approximately 90 square miles located in the rapidly growing southwest portion of Bakersfield, California. As of June 30, 2018, the District was operating eighteen elementary and five junior high schools.

BOARD OF TRUSTEES AND ADMINISTRATION

GOVERNING BOARD

MEMBER	OFFICE	TERM
Keith C. Wolaridge	President	November 2014 – December 2018
Ana Rojas	Vice President	November 2014 – December 2018
Dean Haddock, Psy.D.	Clerk	November 2016 – December 2020
John P. Lake	Trustee	November 2016 – December 2020
Greg White	Trustee	November 2016 – December 2020

ADMINISTRATION

Kevin Silberberg, Ed.D.	District Superintendent
Gerrie Kincaid	Assistant Superintendent, Educational Services
Glenn A. Imke, CPA	Assistant Superintendent, Business Services
Pam Bianchi, Ed.D.	Assistant Superintendent, Curriculum/Instruction

Panama-Buena Vista Union School District
Building Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 150,000	$ 150,000	$ 366,130	$ 216,130
Total revenues	150,000	150,000	366,130	216,130
Expenditures:				
Services and other operating	25,000	25,000	419,724	(394,724)
Capital Outlay	29,871,000	32,781,712	18,422,816	14,358,896
Total expenditures	29,896,000	32,806,712	18,842,540	13,964,172
Revenues over (under) expenditures	(29,746,000)	(32,656,712)	(18,476,410)	14,180,302
Other financing sources (uses)				
Transfers In	–	–	–	–
Transfers Out	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net changes in fund balance	(29,746,000)	(32,656,712)	(18,476,410)	14,180,302
Fund balances, July 1, 2017	32,656,712	32,656,712	32,656,712	–
Fund balances, June 30, 2018	$ 2,910,712	$ –	$ 14,180,302	$ 14,180,302

Panama-Buena Vista Union School District
Capital Facilities Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 4,020,000	$ 4,020,000	$ 3,566,946	$ (453,054)
Total revenues	4,020,000	4,020,000	3,566,946	(453,054)
Expenditures:				
Materials and supplies	–	–	2,476	(2,476)
Services and other operating	1,133,000	733,001	810,170	(77,169)
Capital Outlay	7,600,000	7,600,000	731,952	6,868,048
Debt service – principal	795,000	795,000	795,000	–
Debt service – interest	1,086,767	1,086,767	1,086,669	98
Total expenditures	10,614,767	10,214,768	3,426,267	6,788,501
Revenues over (under) expenditures	(6,594,767)	(6,194,768)	140,679	6,335,447
Fund balances, July 1, 2017	8,675,888	8,675,888	8,675,888	–
Fund balances, June 30, 2018	$ 2,081,121	$ 2,481,120	$ 8,816,567	$ 6,335,447

Panama-Buena Vista Union School District
Special Reserve Fund for Capital Outlay
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other local	$ 20,000	$ 20,000	$ 88,848	$ 68,848
Total revenues	20,000	20,000	88,848	68,848
Expenditures:				
Materials and supplies	–	–	11,428	(11,428)
Services and other operating	–	–	281,981	(281,981)
Capital Outlay	8,921,336	8,314,099	744,138	7,569,961
Total expenditures	8,921,336	8,314,099	1,037,547	7,276,552
Revenues over (under) expenditures	(8,901,336)	(8,294,099)	(948,699)	7,345,400
Other financing sources (uses)				
Transfers In	–	–	–	–
Transfers Out	–	(403,637)	(403,637)	–
Total other financing sources (uses)	–	(403,637)	(403,637)	–
Net changes in fund balance	(8,901,336)	(8,697,736)	(1,352,336)	7,345,400
Fund balances, July 1, 2017	9,322,544	9,322,544	9,322,544	–
Fund balances, June 30, 2018	$ 421,208	$ 624,808	$ 7,970,208	$ 7,345,400

Panama-Buena Vista Union School District
Balance Sheet
Other Non-Major Governmental Funds
June 30, 2018

	Child Development	Cafeteria	Deferred Maintenance	County School Facilities	Bond Interest & Redemption	Total Other Non-Major Governmental Funds
Assets						
Cash	$ 1,694,953	$ 3,500,696	$ 249,697	$ 501,707	$ 4,637,437	$ 10,584,490
Investments	–	–	–	–	–	–
Accounts receivable	79,969	1,077,395	1,894	2,108	–	1,161,366
Due from other funds	140,699	103,693	–	–	–	244,392
Stores inventories – supplies	–	–	–	–	–	–
Stores inventories – food	–	205,985	–	–	–	205,985
Total assets	$ 1,915,621	$ 4,887,769	$ 251,591	$ 503,815	$ 4,637,437	$ 12,196,233
Liabilities and fund balances						
Liabilities:						
Accounts payable	$ 58,550	$ 152,084	$ 120,850	$ –	$ 1,092,683	$ 1,424,167
Due to other funds	222,105	683,603	–	–	–	905,708
Unearned revenue	72,858	–	–	–	–	72,858
Total liabilities	353,513	835,687	120,850	–	1,092,683	2,402,733
Fund balances:						
Nonspendable:						
Revolving fund	18,440	352,078	–	–	–	370,518
Stores inventories	–	205,985	–	–	–	205,985
Endowments	–	–	–	–	–	–
Restricted for:						
Educational programs	–	–	–	–	–	–
Nutritional programs	–	3,494,019	–	–	–	3,494,019
Child development programs	38,227	–	–	–	–	38,227
Debt service	–	–	–	–	3,544,754	3,544,754
Assigned to:						
Capital projects	–	–	–	503,815	–	503,815
Facilities maintenance	–	–	130,741	–	–	130,741
Child development programs	1,505,441	–	–	–	–	1,505,441
Unassigned/Unappropriated:						
Reserve for ecomonic uncertainities	–	–	–	–	–	–
Total fund equity	1,562,108	4,052,082	130,741	503,815	3,544,754	9,793,500
Total liabilities and fund equity	$ 1,915,621	$ 4,887,769	$ 251,591	$ 503,815	$ 4,637,437	$ 12,196,233

Panama-Buena Vista Union School District
Statement of Revenues, Expenditures and Changes in Fund Balances of Other Non-Major Governmental Funds
June 30, 2018

	Child Development	Cafeteria	Deferred Maintenance	County School Facilities	Bond Interest & Redemption	Total Other Non-Major Governmental Funds
Revenues:						
Local Control Funding Formula Sources:						
State apportionments	$ –	$ –	$ 959,171	$ –	$ –	$ 959,171
Local property taxes	–	–	–	–	–	–
Federal	–	7,198,339	–	–	–	7,198,339
Other state	272,414	518,261	–	498,696	29,007	1,318,378
Other local	2,086,244	1,208,484	5,563	(2,787)	2,827,432	6,124,936
Total revenues	2,358,658	8,925,084	964,734	495,909	2,856,439	15,600,824
Expenditures:						
Instruction	167,428	–	–	–	–	167,428
Supervision of instruction	32,005	–	–	–	–	32,005
Instructional library, media, and	–	–	–	–	–	
technology	–	–	–	–	–	–
School administration	–	–	–	–	–	–
Home to school transportation	–	–	–	–	–	–
Food services	–	7,993,328	–	–	–	7,993,328
All other pupil services	–	–	–	–	–	–
Data processing services	–	–	–	–	–	–
All other general administration	79,789	327,092	–	–	–	406,881
Plant services	135,184	7,033	119,474	–	–	261,691
Facility acquisition and construction	–	57,738	714,519	–	–	772,257
Ancillary services	–	–	–	–	–	–
Community services	1,706,373	–	–	–	–	1,706,373
Transfers between agencies	–	–	–	–	–	–
Other outgo	–	–	–	–	–	–
Debt service:	–	–	–	–	–	–
Principal	–	–	–	–	1,240,000	1,240,000
Interest	–	–	–	(7,906)	2,681,204	2,673,298
Total expenditures	2,120,779	8,385,191	833,993	(7,906)	3,921,204	15,253,261
Excess (deficiency) of revenues over expenditures	237,879	539,893	130,741	503,815	(1,064,765)	347,563
Other financing sources (uses):						
Transfers in	–	76,570	–	–	9,196	85,766
Transfers out	(80,313)	–	–	–	–	(80,313)
Total other financing sources (uses)	(80,313)	76,570	–	–	9,196	5,453
Net change in fund balances	157,566	616,463	130,741	503,815	(1,055,569)	353,016
Fund balances, July 1, 2017	1,404,542	3,435,619	–	–	4,600,323	9,440,484
Fund balances, June 30, 2018	$ 1,562,108	$ 4,052,082	$ 130,741	$ 503,815	$ 3,544,754	$ 9,793,500

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds – Child Development Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other state	$ 237,035	$ 230,616	$ 272,414	$ 41,798
Other local	2,090,572	2,096,991	2,086,244	(10,747)
Total revenues	2,327,607	2,327,607	2,358,658	31,051
Expenditures:				
Certificated salaries	86,264	87,978	123,185	(35,207)
Classified salaries	1,273,041	1,297,724	1,227,582	70,142
Employee benefits	574,602	580,410	499,601	80,809
Materials and supplies	110,379	103,696	97,822	5,874
Services and other operating	118,495	118,495	92,799	25,696
Direct Support/Indirect Costs	88,789	88,789	79,790	8,999
Total expenditures	2,251,570	2,277,092	2,120,779	156,313
Revenues over expenditures	76,037	50,515	237,879	187,364
Other financing sources (uses)				
Transfers In	–	–	–	–
Transfers Out	–	–	(80,313)	(80,313)
Total other financing sources (uses)	–	–	(80,313)	(80,313)
Net changes in fund balance	76,037	50,515	157,566	107,051
Fund balances, July 1, 2017	1,404,542	1,404,542	1,404,542	–
Fund balances, June 30, 2018	$ 1,480,579	$ 1,455,057	$ 1,562,108	$ 107,051

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds – Cafeteria Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Federal	$ 6,554,482	$ 6,792,979	$ 7,198,339	$ 405,360
Other state	480,802	480,802	518,261	37,459
Other local	1,222,603	1,222,603	1,208,484	(14,119)
Total revenues	8,257,887	8,496,384	8,925,084	428,700
Expenditures:				
Classified salaries	2,818,709	2,901,943	2,772,334	129,609
Employee benefits	1,625,290	1,645,427	1,566,684	78,743
Materials and supplies	3,400,325	3,528,442	3,514,740	13,702
Services and other operating	82,308	82,308	75,852	6,456
Capital Outlay	100,000	100,000	327,091	(227,091)
Direct Support/Indirect Costs	328,163	338,093	128,490	209,603
Total expenditures	8,354,795	8,596,213	8,385,191	211,022
Revenues over (under) expenditures	(96,908)	(99,829)	539,893	639,722
Other financing sources (uses)				
Transfers In	–	–	76,570	76,570
Transfers Out	–	–	–	–
Total other financing sources (uses)	–	–	76,570	76,570
Net changes in fund balance	(96,908)	(99,829)	616,463	716,292
Fund balances, July 1, 2017	3,435,619	3,435,619	3,435,619	–
Fund balances, June 30, 2018	$ 3,338,711	$ 3,335,790	$ 4,052,082	$ 716,292

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds –
Deferred Maintenance Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
State apportionments	$ –	$ 959,171	$ 959,171	$ –
Other local	–	–	5,563	5,563
Total revenues	–	959,171	964,734	5,563
Expenditures:				
Materials and supplies	–	–	12,012	(12,012)
Services and other operating	–	959,171	25,523	933,648
Capital Outlay	–	–	796,458	(796,458)
Total expenditures	–	959,171	833,993	125,178
Revenues over (under) expenditures	–	–	130,741	130,741
Other financing sources (uses)				
Transfers In	–	–	–	–
Transfers Out	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net changes in fund balance	–	–	130,741	130,741
Fund balances, July 1, 2017	–	–	–	–
Fund balances, June 30, 2018	$ –	$ –	$ 130,741	$ 130,741

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds – County School Facilities Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other state	$ –	$ 498,696	$ 498,696	$ –
Other local	–	–	(2,787)	(2,787)
Total revenues	–	498,696	495,909	(2,787)
Expenditures:				
Interest	–	–	(7,906)	(7,906)
Revenues over expenditures	–	498,696	503,815	5,119
Other financing sources (uses)				
Transfers In	–	–	–	–
Transfers Out	–	–	–	–
Total other financing sources (uses)	–	–	–	–
Net changes in fund balance	–	498,696	503,815	5,119
Fund balances, July 1, 2017	–	–	–	–
Fund balances, June 30, 2018	$ –	$ 498,696	$ 503,815	$ 5,119

Panama-Buena Vista Union School District
Other Non-Major Governmental Funds –
Bond Interest and Redemption Fund
Budgetary Comparison Schedule
June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
Revenues:				
Other state	$ –	$ –	$ 29,007	$ 29,007
Other local	3,922,891	3,922,891	2,827,432	(1,095,459)
Total revenues	3,922,891	3,922,891	2,856,439	(1,066,452)
Expenditures:				
Debt service – principal	1,240,000	1,240,000	1,240,000	–
Debt service – interest	2,685,891	2,685,891	2,681,204	4,687
Total expenditures	3,925,891	3,925,891	3,921,204	4,687
Revenues over expenditures	(3,000)	(3,000)	(1,064,765)	(1,061,765)
Other financing sources (uses)				
Transfers In	–	–	9,196	9,196
Transfers Out	–	–	–	–
Total other financing sources (uses)	–	–	9,196	9,196
Net changes in fund balance	(3,000)	(3,000)	(1,055,569)	(1,052,569)
Fund balances, July 1, 2017	4,600,323	4,600,323	4,600,323	–
Fund balances, June 30, 2018	$ 4,597,323	$ 4,597,323	$ 3,544,754	$ (1,052,569)

Panama-Buena Vista Union School District
Statement of Changes in Assets and Liabilities
Fiduciary Funds
June 30, 2018

	Balance as of June 30, 2017	Additions	Deletions	Balance as of June 30, 2018
Assets				
Cash				
Stonecreek Junior High School	$ 63,564	$ 130,546	$ 118,039	$ 76,071
Fred L. Thompson Junior High School	44,075	123,956	122,330	45,701
O.J. Actis Junior High School	36,703	78,324	73,212	41,815
Tevis Junior High School	43,653	116,396	122,074	37,975
Earl Warren Junior High School	23,644	132,787	133,187	23,244
Sing Lum Elementary	5,927	3,733	1,974	7,686
Ronald Reagan Elementary	4,768	988	125	5,631
Douglas J. Miller Elementary	2,758	10,856	8,347	5,267
Buena Vista Elementary	5,581	–	1,069	4,512
Charles H. Castle Elementary	5,625	–	1,223	4,402
Panama Elementary	4,513	16,406	16,620	4,299
Christa McAuliffe Elementary	3,754	4,393	4,498	3,649
Stockdale Elementary	2,212	731	–	2,943
Leo B. Hart Elementary	1,721	2,005	1,745	1,981
Laurelglen Elementary	2,268	974	1,909	1,333
Amy B. Seibert Elementary	692	3,968	3,817	843
Berkshire Elementary	595	–	–	595
Wayne Van Horn Elementary	418	827	676	569
Loiuse Sandrini Elementary	745	–	225	520
Roy W. Loudon Elementary	662	1,874	2,219	317
Stine Elementary	1,614	2,385	3,834	165
Bill L. Williams Elementary	260	6,548	6,651	157
Old River Elementary	32	–	–	32
Total cash	255,784	637,697	623,774	269,707
Total assets	$ 255,784	$ 637,697	$ 623,774	$ 269,707
Liabilities				
Due to student groups				
Stonecreek Junior High School	$ 63,564	$ 130,546	$ 118,039	$ 76,071
Fred L. Thompson Junior High School	44,075	123,956	122,330	45,701
O.J. Actis Junior High School	36,703	78,324	73,212	41,815
Tevis Junior High School	43,653	116,396	122,074	37,975
Earl Warren Junior High School	23,644	132,787	133,187	23,244
Sing Lum Elementary	5,927	3,733	1,974	7,686
Ronald Reagan Elementary	4,768	988	125	5,631
Douglas J. Miller Elementary	2,758	10,856	8,347	5,267
Buena Vista Elementary	5,581	–	1,069	4,512
Charles H. Castle Elementary	5,625	–	1,223	4,402
Panama Elementary	4,513	16,406	16,620	4,299
Christa McAuliffe Elementary	3,754	4,393	4,498	3,649
Stockdale Elementary	2,212	731	–	2,943
Leo B. Hart Elementary	1,721	2,005	1,745	1,981
Laurelglen Elementary	2,268	974	1,909	1,333
Amy B. Seibert Elementary	692	3,968	3,817	843
Berkshire Elementary	595	–	–	595
Wayne Van Horn Elementary	418	827	676	569
Loiuse Sandrini Elementary	745	–	225	520
Roy W. Loudon Elementary	662	1,874	2,219	317
Stine Elementary	1,614	2,385	3,834	165
Bill L. Williams Elementary	260	6,548	6,651	157
Old River Elementary	32	–	–	32
Total due to student groups	255,784	637,697	623,774	269,707
Total liabilities	$ 255,784	$ 637,697	$ 623,774	$ 269,707

Panama-Buena Vista Union School District
Schedule of Average Daily Attendance
Year Ended June 30, 2018

Elementary:	Second Period Report	Audit Adjustment*	Adjusted Second Period Report	Annual Report
Kindergarten through Grade 3	7,920.43	(0.05)	7,920.38	7,937.76
Grades 4 through 6	5,685.53	(0.03)	5,685.50	5,692.15
Grades 7 and 8	3,922.08	(0.02)	3,922.06	3,908.81
ADA Totals	17,528.04	(0.10)	17,527.94	17,538.72

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.

(*) Audit findings recognized a net over-reporting of 0.10 ADA for the Second Period Report. There were no audit findings for the Annual Report.

Panama-Buena Vista Union School District
Schedule of Instructional Time
Year Ended June 30, 2018

Grade Level	1986-87 Minutes Requirements	2017-18 Actual Minutes	No. of Days Traditional Calendar	Status
Kindergarten	36,000	52,500	180	Complied
First	50,400	52,500	180	Complied
Second	50,400	52,500	180	Complied
Third	50,400	52,500	180	Complied
Fourth	54,000	56,100	180	Complied
Fifth	54,000	56,100	180	Complied
Sixth	54,000	56,100	180	Complied
Seventh	54,000	58,260	180	Complied
Eighth	54,000	58,260	180	Complied

Districts must maintain their instructional minutes at the 1986–87 requirement as required by Education Code Section 46201. EC Section 46207 requires that beginning in 2015–16 all school districts once funded at their LCFF target must offer at least the following number of instructional minutes by grade span:

Kindergarten, 36,000 minutes
Grades 1 to 3, inclusive, 50,400 minutes
Grades 4 to 8, inclusive, 54,000 minutes

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District complied with the provision of Education Code Sections 46200 through 46207 and has exceeded the Local Control Funding Formula target for instructional minutes.

Panama-Buena Vista Union School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2018

General Fund	(Budget) 2019	2018	2017	2016
Revenues and Other Financial Sources	$ 207,310,307	$ 195,446,743	$ 184,673,053	$ 179,652,596
Expenditures	205,331,549	195,947,471	180,441,582	166,986,219
Other Uses and Transfers Out	3,400,000	85,766	32,685	46,180
Total Outgo	208,731,549	196,033,237	180,474,267	167,032,399
Prior Period Adjustment	–	(392,852)	–	–
Change in Fund Balance (Deficit)	$ (1,421,242)	$ (979,346)	$ 4,198,786	$ 12,620,197
Ending Fund Balance	$ 24,428,863	$ 25,850,105	$ 26,829,451	$ 22,630,665
Available Reserves	$ 20,599,686	$ 23,773,965	$ 25,709,100	$ 19,818,113
Committed for Capital Projects	$ 14,425,795	$ 17,880,354	$ 14,015,551	$ 14,808,526
Designated for Economic Uncertainties	$ 6,173,891	$ 5,893,611	$ 11,693,549	$ 5,009,587
Unassigned/Unappropriated Fund Balance	$ –	$ –	$ –	$ –
Available Reserves as a Percentage of Total Outgo	9.87%	12.13%	14.25%	11.86%
Total Long-Term Debt	$ 116,684,183	$ 120,972,703	$ 125,031,224	$ 108,573,875
Average Daily Attendance at P-2	17,640	17,528	17,224	16,856

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

The General Fund balance decreased by $979,346 in the year ended June 30, 2018. The fiscal year 2018-19 budget projects a decrease of $1,421,242. For a district of this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has recognized an operating surplus totaling $15,839,637 over the past three years and is anticipating a deficit of $1,421,242 for 2018-19. Total long-term debt has increased over the past two years by $12,398,828 primarily due to the issuance of the 2012 General Obligation Bonds and the Qualified Zone Academy Bond (QZAB).

Average daily attendance increased by 672 over the past two years. District management anticipates modest growth in ADA for the fiscal year 2018-19.

Panama-Buena Vista Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal CFDA 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 (CDE):		
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	$ 2,755,667
84.027	Special Ed: IDEA Local Assistance, Part B, Private Schools	10115	2,872
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	111,857
84.027A	Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	13682	459,248
	Subtotal Special Education Cluster		3,329,644
① 84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	3,990,563
84.367	ESSA: Title II, Part A, Teacher Quality	14341	589,226
84.365	ESSA: Title III, English Learner Student Program	14346	69,223
84.377	ESSA: Title I School Improvement Grant Cohort 4	15364	2,038,687
	Total U.S. Department of Education		10,017,343
U.S. Department of Health Care Services			
	Passed Through CDE:		
93.778	Medi-Cal Billing Option	10013	494,660
U.S. Department of Agriculture:			
	Passed Through CDE:		
10.555	National School Lunch	13391	8,148,785
10.558	Child Nutrition-Supper Program	13666	61,874
10.555	Estimated fair value of commodities	13391	640,978
10.582	Child Nutrition-Fresh Fruit & Vegetable Program	14968	145,671
	Total U.S. Department of Agriculture		8,997,308
	Total expenditures of federal awards		$ 19,509,311

① Audited as a major program

The accompanying notes are an integral part of this schedule.

Panama-Buena Vista Union School District
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Panama-Buena Vista Union School District under programs of the federal government for the year ended June 30, 2018. 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). Because the Schedule presents only a selected portion of the operations of Panama-Buena Vista Union School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Panama-Buena Vista Union School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Panama-Buena Vista Union School District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Panama-Buena Vista Union School District
Reconciliation of Annual Financial and Budget Report (SACS)
With Audited Financial Statements
Year Ended June 30, 2018

		General Fund
June 30, 2018, Annual Financial and Budget Report (SACS) Fund Balance	$	25,769,960
Adjustments and Reclassifications:		
Understatement of due from Child Development Fund		80,145
June 30, 2018 audited financial statement fund balance	$	25,850,105

		Child Development Fund
June 30, 2018, Annual Financial and Budget Report (SACS) Fund Balance	$	1,661,912
Adjustments and Reclassifications:		
Understatement of due to General Fund		(80,145)
Understatement of accrued payroll liabilities		(19,659)
June 30, 2018 audited financial statement fund balance	$	1,562,108

		Cafeteria Fund
June 30, 2018, Annual Financial and Budget Report (SACS) Fund Balance	$	4,085,966
Adjustments and Reclassifications:		
Overstatement of accounts receivable		(5,025)
Understatement of accrued payroll liabilities		(28,859)
June 30, 2018 audited financial statement fund balance	$	4,052,082

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

Panama-Buena Vista Union School District
Notes to State and Federal Compliance Information
Year Ended June 30, 2018

NOTE 1 — CHARTER SCHOOLS

The District does not sponsor any charter schools.

NOTE 2 — EARLY RETIREMENT INCENTIVE

Education Code section 14503 requires certain disclosure in the financial statements of districts which adopt early retirement incentive programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

STATISTICAL SECTION (UNAUDITED)

Introduction

The Statistical Section presents information useful in giving the reader an overall understanding of the school district as well as a historical perspective regarding financial information in this report. Unless noted otherwise, historical data is presented for the most recent ten-year period. The information in this section helps the reader better understand the overall financial health of the district.

Financial Trends
These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the district's local revenue source, the property tax.

Debt Capacity
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

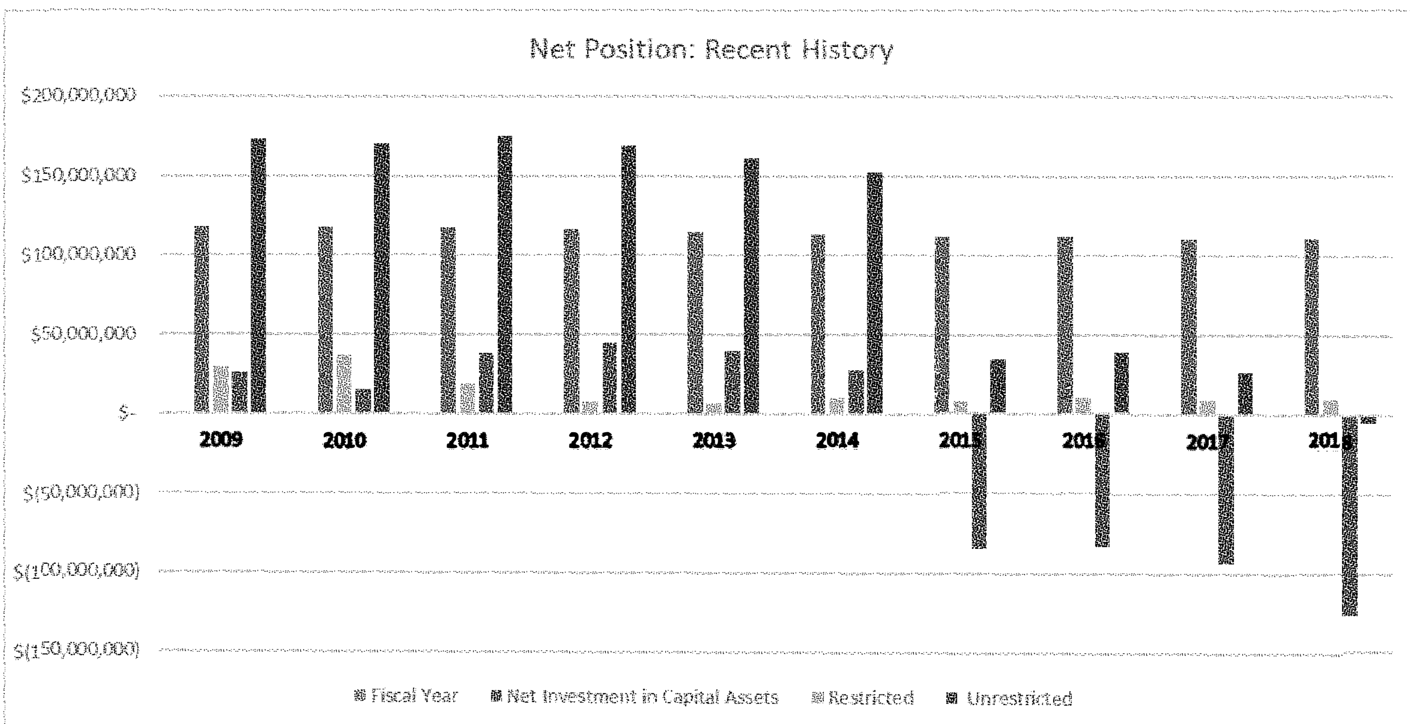
Economic and Demographic Information
These schedules offer economic and demographic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information
These schedules contain service and capital asset data to help the reader understand how the information in the financial report relates to the services the district provides and the activities it performs.

Net Position by Component

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total
2009	$ 117,560,440	$ 29,665,053	$ 25,616,773	$ 172,842,266
2010	117,433,398	37,281,775	15,283,424	169,998,597
2011	117,688,317	18,990,239	38,314,957	174,993,513
2012	116,235,280	7,567,245	44,736,659	168,539,184
2013	115,054,851	7,109,504	39,515,291	161,679,646
2014	113,538,844	10,817,471	28,184,834	152,541,149
2015	112,085,534	7,659,332	(85,609,234)	34,135,632
2016	112,330,663	9,623,437	(83,843,282)	38,110,818
2017	111,067,586	9,241,554	(93,561,676)	26,747,464
2018	111,360,773	9,811,875	(126,156,426)	(4,983,778)

Source: Data extracted from District Financial Statements



Change in Net Position

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Expenses										
Governmental Activities										
Instruction	$ 90,319,111	$ 82,342,216	$ 82,195,145	$ 74,044,055	$ 71,775,639	$ 76,906,982	$ 84,126,215	$ 117,016,233	$ 139,361,732	$ 151,454,044
Instruction-related services	13,363,171	13,155,996	12,808,199	12,199,403	11,596,181	12,900,247	13,820,953	15,964,712	19,030,691	20,475,405
Pupil services	14,875,909	14,318,896	16,397,341	15,993,406	15,589,768	16,272,356	17,297,678	22,808,248	25,840,561	30,939,515
General administration	5,770,048	5,627,539	5,365,706	5,290,212	4,935,390	5,901,559	5,410,928	6,789,649	11,119,559	8,832,934
Plant services	15,589,664	13,837,253	13,426,956	13,378,437	12,476,006	12,683,989	13,866,265	18,898,027	16,465,345	19,111,217
Enterprise	–	–	–	10,192,047	18,313,254	23,246,864	22,798,943	7,357,492	6,448	–
Other educational programs	2,268,715	2,011,956	1,974,628	1,837,892	1,596,751	1,601,399	1,539,791	1,874,636	2,013,973	2,093,843
Interest and fiscal charges	12,139,852	10,907,157	9,401,555	9,141,825	8,631,525	9,926,804	14,026,520	14,629,855	13,464,075	13,392,336
Total Governmental Activities	154,326,470	142,201,013	141,569,530	142,077,277	144,914,514	159,440,200	172,887,293	205,338,852	227,302,384	246,299,294
Total Expenses										
Revenues										
Program Revenues										
Charges for Services										
Pupil Services	1,587,692	1,449,231	1,519,868	1,539,739	1,765,155	1,683,058	1,700,817	1,618,322	1,292,243	1,170,086
Operating Grants and Contributions										
Total Program Revenues	23,255,786	28,952,347	37,024,746	24,002,654	24,652,394	27,253,512	26,491,557	46,244,000	46,773,146	40,464,512
Net Revenue/Expense	(129,482,992)	(111,799,435)	(103,024,916)	(116,534,884)	(118,496,965)	(130,503,630)	(144,694,919)	(157,476,530)	(179,236,995)	(204,664,696)
General Revenues										
Property taxes	13,277,161	11,176,775	12,657,737	11,133,783	10,752,744	12,949,415	13,508,189	17,018,010	17,659,893	19,916,810
Grants and entitlements, unrestricted	98,845,124	90,970,262	90,452,516	92,793,927	94,854,766	101,757,179	115,327,185	137,145,251	141,973,130	158,512,046
Interest and investment earnings	1,642,514	698,372	561,462	405,316	243,196	262,382	265,944	451,631	708,227	1,070,557
Miscellaneous	4,769,308	6,110,357	4,348,117	4,192,529	5,347,326	8,406,490	7,468,970	6,836,824	7,532,391	6,302,530
Gain on sale of land	–	–	–	–	439,395	–	–	–	–	–
Loss on disposal of assets	–	–	–	–	–	–	–	–	–	–
Total General Revenues	118,534,107	108,955,766	108,019,832	108,525,555	111,637,427	123,375,466	136,570,288	161,451,716	167,873,641	185,801,943
Total Revenues	143,377,585	139,357,344	146,564,446	134,067,948	138,054,976	152,312,036	164,762,662	209,314,038	215,939,030	227,436,541
Change in Net Position	$ (10,948,885)	$ (2,843,669)	$ 4,994,916	$ (8,009,329)	$ (6,859,538)	$ (7,128,164)	$ (8,124,631)	$ 3,975,186	$ (11,363,354)	$ (18,862,753)

Source: Data Extracted from District Financial Statements

Government-wide Expenses by Function, Total

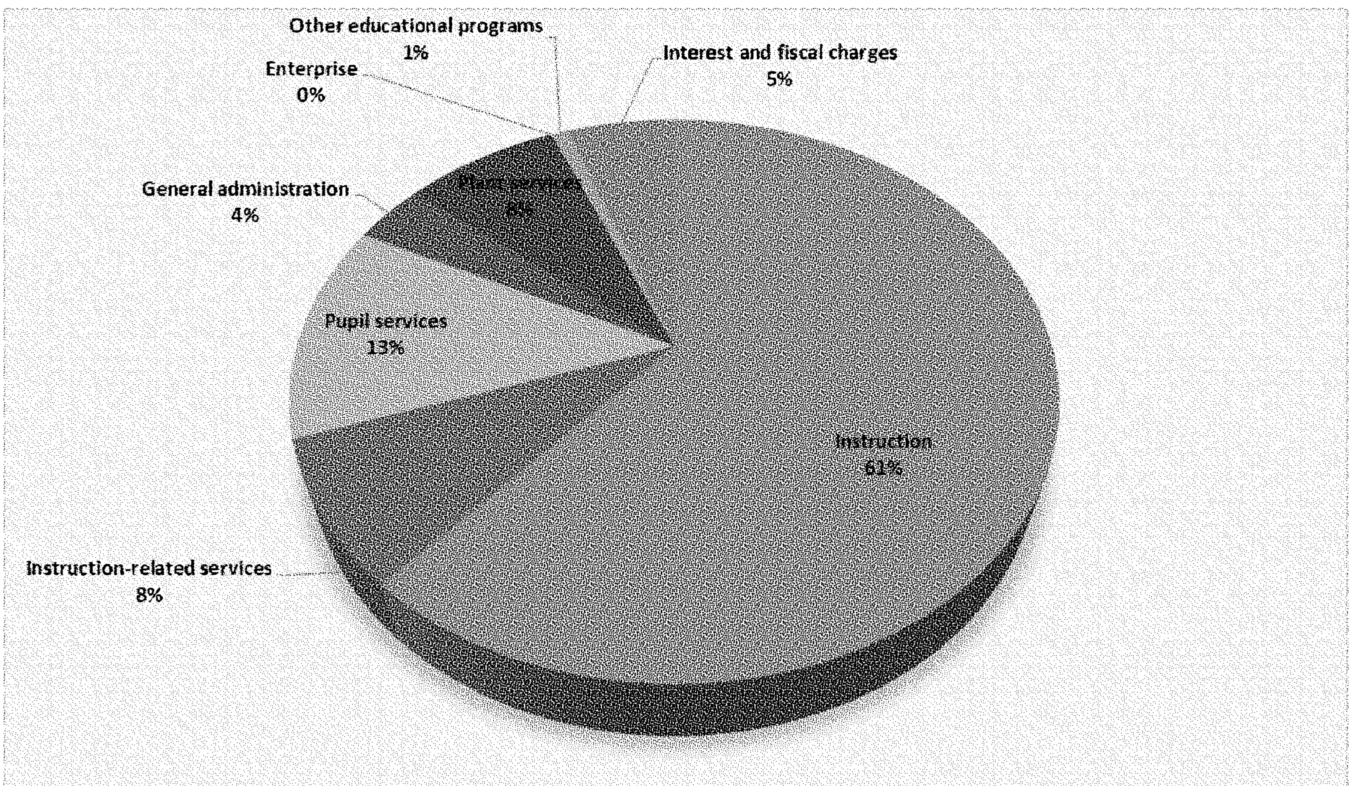
Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Enterprise	Other educational programs	Interest and fiscal charges	Total
2009	16,385	$ 90,319,111	$ 13,363,171	$ 14,875,909	$ 5,770,048	$ 15,589,664	$ –	$ 2,268,715	$ 12,139,852	$ 154,326,470
2010	16,529	82,342,216	13,155,996	14,318,896	5,627,539	13,837,253	–	2,011,956	10,907,157	142,201,013
2011	16,562	82,195,145	12,808,199	16,397,341	5,365,706	13,426,956	–	1,974,628	9,401,555	141,569,530
2012	16,810	74,044,055	12,199,403	15,993,406	5,290,212	13,378,437	10,192,047	1,837,892	9,141,825	142,077,277
2013	17,325	71,775,639	11,596,181	15,589,768	4,935,390	12,476,006	18,313,254	1,596,751	8,631,525	144,914,514
2014	17,484	76,906,982	12,900,247	16,272,356	5,901,559	12,683,989	23,246,864	1,601,399	9,926,804	159,440,200
2015	17,468	84,126,215	13,820,953	17,297,678	5,410,928	13,866,265	22,798,943	1,539,791	14,026,520	172,887,293
2016	17,545	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	7,357,492	1,874,636	14,629,855	205,338,852
2017	17,898	139,361,732	19,030,691	25,840,561	11,119,559	16,465,345	6,448	2,013,973	13,464,075	227,302,384
2018	18,252	151,454,044	20,475,405	30,939,515	8,832,934	19,111,217	–	2,093,843	13,392,336	246,299,294

Source: District records

Government-wide Expenses by Function, Per Student

Fiscal Year	Enrollment	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Enterprise	Other educational programs	Interest and fiscal charges	Total
2009	16,385	$ 5,512	$ 816	$ 908	$ 352	$ 951	$ –	$ 138	$ 741	$ 9,418
2010	16,529	4,982	796	866	340	837	–	122	660	8,603
2011	16,562	4,963	773	990	324	811	–	119	568	8,548
2012	16,810	4,405	726	951	315	796	606	109	544	8,452
2013	17,325	4,143	669	900	285	720	1,057	92	498	8,364
2014	17,484	4,399	738	931	338	725	1,330	92	568	9,121
2015	17,468	4,816	791	990	310	794	1,305	88	803	9,897
2016	17,545	6,699	914	1,306	389	1,082	421	107	838	11,756
2017	17,898	7,978	1,089	1,479	637	943	–	115	771	13,012
2018	18,252	8,670	1,172	1,771	506	1,094	–	120	767	14,100

Source: District records

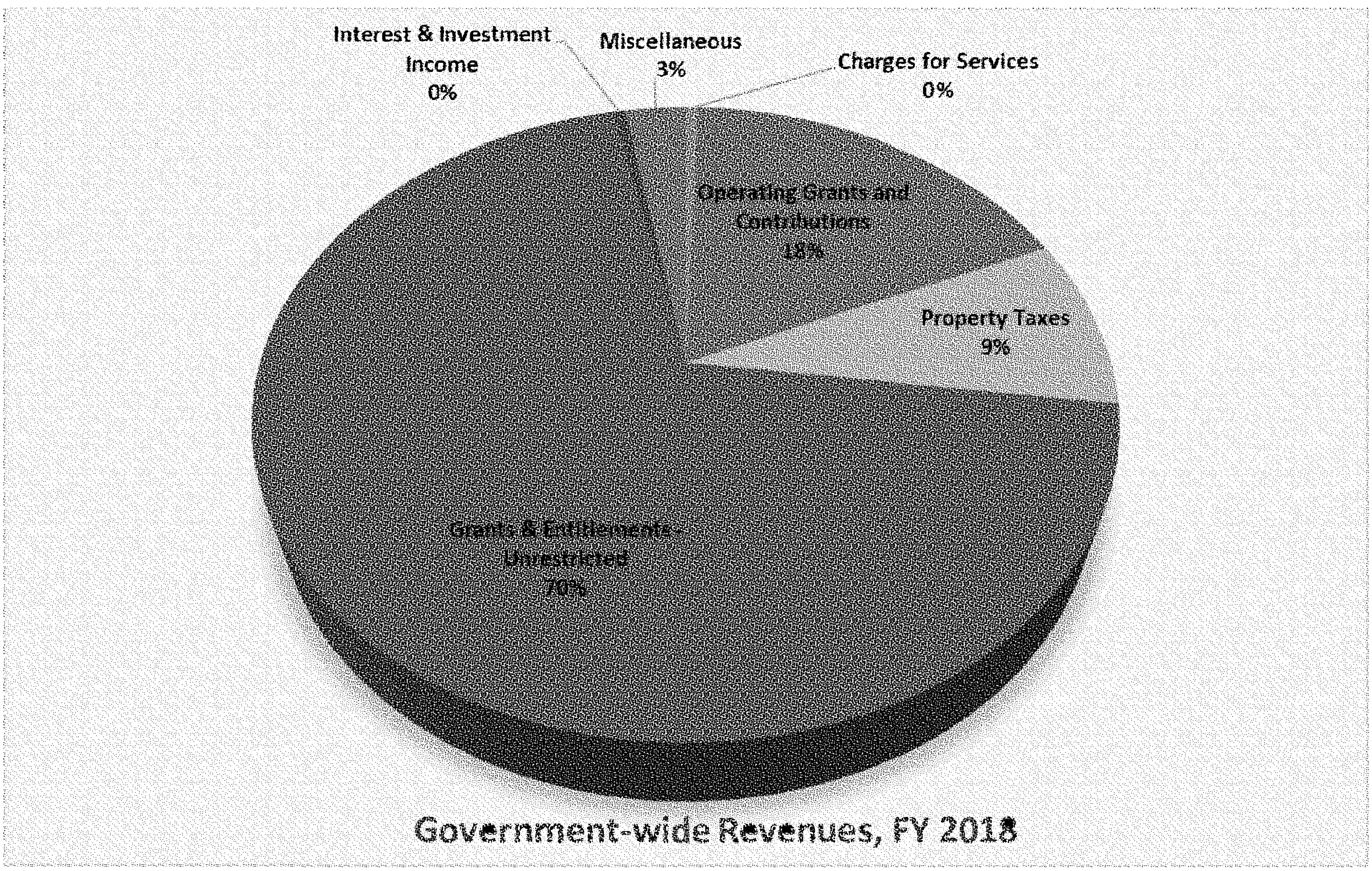


Government-wide Expenses, FY 2018

Government-wide Revenues

Fiscal Year	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	General Revenues: Property Taxes	General Revenues: Grants & Entitlements - Unrestricted	General Revenues: Interest & Investment Income	General Revenues: Miscellaneous	Total
2009	$ 1,587,692	$ 23,255,786	$ 13,277,161	$ 98,845,124	$ 1,642,514	$ 4,769,308	$ 143,377,585
2010	1,449,231	28,952,347	11,176,775	90,970,262	698,372	6,110,357	139,357,344
2011	1,519,868	37,024,746	12,657,737	90,452,516	561,462	4,348,117	146,564,446
2012	1,539,739	24,002,654	11,133,783	92,793,927	405,316	4,192,529	134,067,948
2013	1,765,155	24,652,394	10,752,744	94,854,766	243,196	5,786,721	138,054,976
2014	1,683,058	27,253,512	12,949,415	101,757,179	262,382	8,406,490	152,312,036
2015	1,700,817	26,491,557	13,508,189	115,327,185	265,944	7,468,970	164,762,662
2016	1,618,322	46,244,000	17,018,010	137,145,251	451,631	6,836,824	209,314,038
2017	1,292,243	46,773,146	17,659,893	141,973,130	708,227	7,532,391	215,939,030
2018	1,170,086	40,464,512	19,916,810	158,512,046	1,070,557	6,302,530	227,436,541

Source: District records



General District Revenues by Source

Fiscal Year	State Aide Sources	Federal	Other State	Other Local	Other Financing Sources	Operating Transfers In	Total Revenues
2009	$ 97,401,817	$ 14,210,983	$ 26,154,882	$ 6,947,345	$ 210,000	$ 2,100,000	$ 147,025,027
2010	85,469,766	14,585,251	23,343,386	6,651,118	-	2,100,000	132,149,521
2011	90,662,366	16,143,198	23,055,741	6,523,973	-	100,000	136,485,278
2012	91,854,507	11,222,872	23,050,685	6,733,435	-	305,645	133,167,144
2013	94,131,671	11,676,346	23,354,036	8,304,429	1,140,000	2,900,379	141,506,861
2014	110,478,479	12,300,977	17,114,868	6,292,007	-	288,592	146,474,923
2015	122,483,268	14,327,001	14,537,364	7,369,803	-	15,124,260	173,841,696
2016	138,616,680	14,035,426	30,744,336	13,265,921	30,000,000	1,851,309	228,513,672
2017	149,861,267	15,289,461	24,489,778	13,807,471	21,606,303	403,754	225,458,034
2018	156,639,724	18,051,120	28,180,632	11,714,065	-	569,716	215,155,257

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governmental Funds
Source: District records

General District Expenditures & Other Uses by Object

Fiscal Year	Certificated Salaries	Classified Salaries	Employee Benefits	Books & Supplies	Services & Other Oper Exp	Capital Outlay	Other Outgo	Operating Transfers Out	Total Expenditures & Other Uses
2009	$ 64,240,617	$ 21,217,578	$ 28,160,076	$ 11,194,622	$ 10,154,699	$ 3,358,619	$ 11,245,913	$ 2,100,000	$ 151,672,123
2010	57,467,452	20,295,817	26,871,143	9,919,642	10,156,042	1,911,140	9,631,813	2,100,000	138,353,049
2011	57,847,302	21,135,235	27,599,769	9,490,663	9,858,896	4,283,817	7,941,018	100,000	138,256,701
2012	56,655,838	21,125,359	29,845,013	7,526,538	10,905,800	2,638,860	7,723,024	305,645	136,726,077
2013	59,416,899	21,893,741	30,100,998	8,771,111	9,978,506	1,605,638	9,951,633	2,900,379	144,618,906
2014	63,871,808	23,544,140	32,301,098	9,305,187	10,793,689	2,440,325	7,513,857	2,626,401	152,396,505
2015	68,245,585	24,922,760	34,154,052	11,998,712	12,383,385	1,230,041	8,797,755	6,937,352	168,669,641
2016	70,524,706	26,966,973	42,475,118	10,016,792	16,757,805	33,603,899	17,225,790	154,957	217,726,040
2017	75,842,447	29,101,061	47,967,628	12,295,022	14,852,405	20,456,536	18,554,520	403,754	219,473,373
2018	83,839,426	32,736,231	55,076,537	11,495,227	13,770,339	24,553,598	13,035,728	569,716	235,076,802

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governmental Funds
Source: District records

General District Expenditures by Function

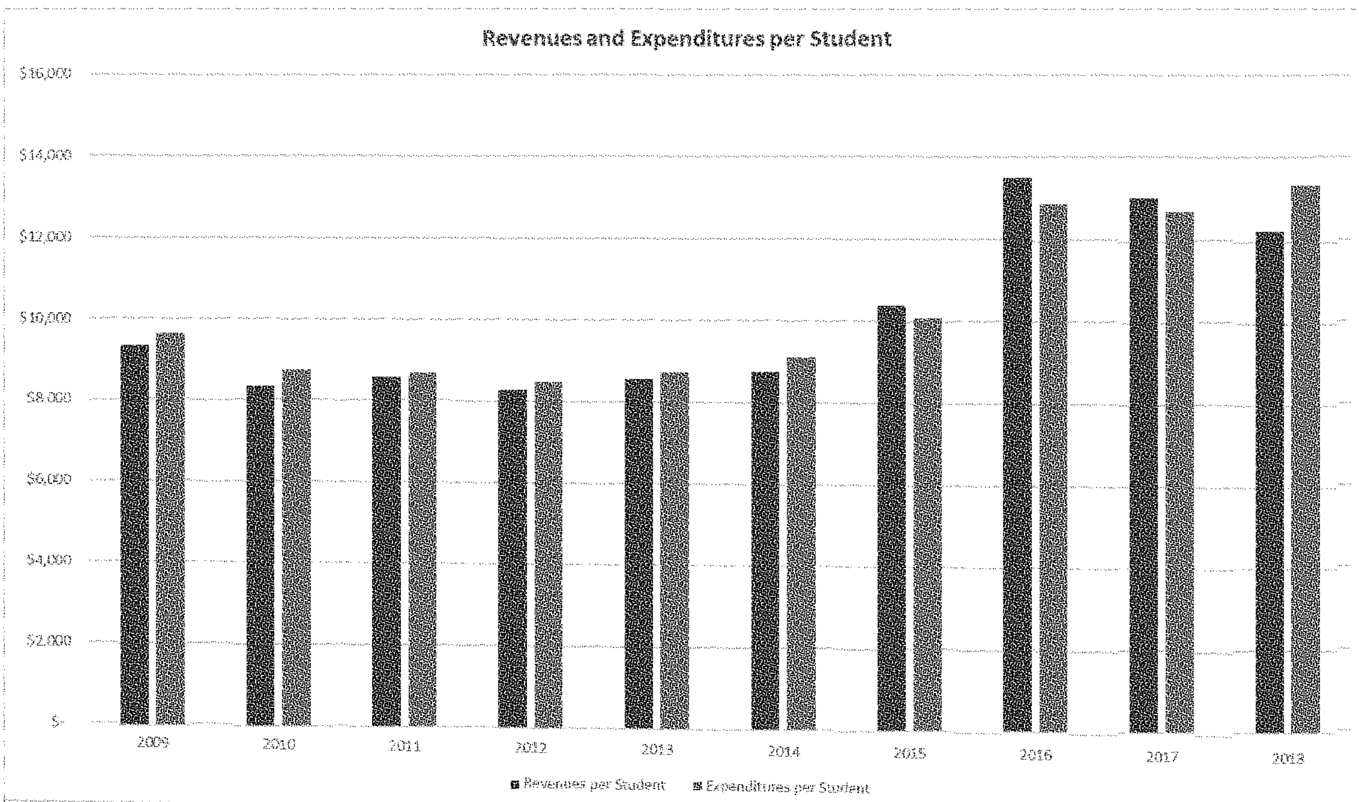
Fiscal Year	Instruction	Instruction-related services	Pupil services	General administration	Plant services	Other educational programs	Total
2009	$ 85,159,675	$ 12,831,173	$ 14,741,884	$ 5,395,767	$ 17,948,285	$ 12,618,762	$ 148,695,546
2010	76,804,189	12,954,281	14,013,682	5,611,148	15,237,713	11,220,664	135,841,677
2011	76,701,342	12,584,587	16,260,501	5,285,868	17,347,106	9,698,214	137,877,618
2012	74,732,824	13,107,177	17,461,601	5,626,425	15,790,106	9,478,834	136,196,967
2013	78,498,071	13,434,691	17,708,900	5,624,463	17,251,832	8,870,349	141,388,306
2014	84,635,316	14,946,432	18,361,589	5,681,959	16,759,314	9,234,489	149,619,099
2015	91,950,375	16,266,867	20,023,559	6,114,098	16,210,790	13,381,700	163,947,389
2016	117,016,233	15,964,712	22,808,248	6,789,649	18,898,027	16,504,491	197,981,360
2017	139,361,732	19,030,691	25,840,561	11,119,559	16,465,345	2,013,973	213,831,861
2018	151,454,044	20,475,405	30,939,515	8,832,934	19,111,217	2,093,843	232,906,958

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Govemememental Funds
Source: District records

General District Revenues and Expenditures, per Student

Fiscal Year	Total Revenues	Total Expenditures	Enrollment	Revenues per Student	Expenditures per Student
2009	$ 147,025,027	$ 151,672,123	15,807	$ 9,301	$ 9,595
2010	132,149,521	138,353,049	15,870	8,327	8,718
2011	136,485,278	138,256,701	15,962	8,551	8,662
2012	133,167,144	136,726,077	16,126	8,258	8,479
2013	141,506,861	144,618,906	16,530	8,561	8,749
2014	146,474,923	152,396,505	16,713	8,764	9,118
2015	173,841,696	168,669,641	16,693	10,414	10,104
2016	228,513,672	217,726,040	16,856	13,557	12,917
2017	225,458,034	219,473,373	17,224	13,090	12,742
2018	215,155,257	235,076,802	17,528	12,275	13,412

Funds included are General Fund, Special Revenue Funds, and Other Non-Major Governmental Funds.
Expenditures include Operating Transfers Out
Source: District records



Fund Balances, Governmental Funds

General Fund

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2009	$ 17,876,985	$ 381,274	$ 5,500,112	$ –	$ –	$ –	$ 23,758,371
2010	21,322,762	371,448	834,131	–	–	–	22,528,341
2011	21,352,381	2,538,570	509,939	–	–	–	24,400,890
2012	18,169,304	2,661,211	1,508,764	–	–	–	22,339,279
2013	12,727,465	2,651,350	1,541,803	–	–	–	16,920,618
2014	4,844,843	2,623,121	4,091,220	–	–	–	11,559,184
2015	8,444,479	453,041	1,112,948	–	–	–	10,010,468
2016	5,009,587	451,855	2,360,697	14,808,526	–	–	22,630,665
2017	11,693,549	355,710	764,641	14,015,551	–	–	26,829,451
2018	5,893,611	363,907	1,712,233	17,880,354	–	–	25,850,105

All Other Governmental Funds

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2009	$ –	$ –	$ –	$ –	$ –	$ 35,151,507	$ 35,151,507
2010	–	–	–	–	–	31,798,791	31,798,791
2011	–	578,220	17,242	–	–	35,624,648	36,220,110
2012	–	596,185	1,760,266	–	29,966,287	1,821,104	34,143,842
2013	–	171,799	2,501,916	–	47,288,499	2,007,745	51,969,959
2014	–	505,799	2,261,565	–	45,105,435	2,377,594	50,250,393
2015	–	454,132	5,639,211	–	54,048,975	–	60,142,318
2016	–	474,240	6,336,645	–	51,498,868	–	58,309,753
2017	–	649,101	7,472,103	–	51,974,424	–	60,095,628
2018	–	658,735	7,077,000	–	33,024,842	–	40,760,577

Total, All Governmental Funds

Fiscal Year	Reserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2009	$ 17,876,985	$ 381,274	$ 5,500,112	$ –	$ –	$ 35,151,507	$ 58,909,878
2010	21,322,762	371,448	834,131	–	–	31,798,791	54,327,132
2011	21,352,381	3,116,790	527,181	–	–	35,624,648	60,621,000
2012	18,169,304	3,257,396	3,269,030	–	29,966,287	1,821,104	56,483,120
2013	12,727,465	2,823,149	4,043,719	–	47,288,499	2,007,745	68,890,577
2014	4,844,843	3,128,920	6,352,785	–	45,105,435	2,377,594	61,809,577
2015	8,444,479	907,173	6,752,159	–	54,048,975	–	70,152,786
2016	5,009,587	926,095	8,697,342	14,808,526	51,498,868	–	80,940,418
2017	11,693,549	1,004,811	8,236,744	14,015,551	51,974,424	–	86,925,079
2018	5,893,611	1,022,642	8,789,233	17,880,354	33,024,842	–	66,610,682

Note: GASB 54 requirements for fund balance reporting changed as of fiscal year 2011

Source: District records

Changes in Fund Balances, Governmental Funds

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues:										
Revenue limit sources	$ 97,401,817	$ 85,469,766	$ 90,662,366	$ 91,854,507	$ 94,131,671	$ 110,478,479	$ 155,730,302	$ 138,616,680	$ 149,861,267	$ 156,639,724
Federal	14,210,983	14,585,251	16,143,198	11,222,872	11,676,346	12,300,977	14,327,001	14,035,426	15,289,461	18,051,120
Other State	26,792,967	25,072,117	31,578,686	23,050,685	23,354,036	17,114,868	14,537,364	30,744,336	24,489,778	28,180,632
Other Local	9,585,622	9,637,394	8,222,501	7,969,630	8,460,434	12,417,712	12,353,673	13,265,921	13,807,471	11,714,065
Total Revenues	147,991,389	134,764,528	146,606,751	134,097,694	137,622,487	152,312,036	196,948,340	196,662,363	203,447,977	214,585,541
Expenditures:										
Instruction	85,159,675	76,804,189	76,704,342	74,732,824	78,498,071	84,635,316	91,950,375	101,136,976	112,100,928	123,190,442
Instruction-related services										
Supervision of instruction	3,901,446	3,637,155	3,930,988	4,052,305	4,443,463	5,487,632	6,669,041	4,168,827	5,103,490	5,025,388
Instruction library, media and technology	1,532,435	1,706,338	1,466,804	1,488,402	1,490,321	1,565,904	1,570,245	1,687,126	1,800,807	1,877,953
School site administration	7,397,292	7,610,788	7,186,795	7,566,470	7,500,907	7,892,896	8,027,581	8,989,371	9,616,103	10,651,013
Pupil services:										
Home-to-school transportation	2,381,361	1,567,904	2,808,633	3,493,862	2,659,519	2,757,925	2,990,356	3,439,428	3,844,140	5,533,885
Food services	5,669,644	5,875,749	6,254,772	6,385,418	6,813,670	7,102,692	7,939,915	7,978,997	7,676,686	7,993,328
All other pupil services	6,690,879	6,570,029	7,197,096	7,582,321	7,935,711	8,500,972	9,093,288	10,707,721	12,493,226	15,421,101
General adminstration										
Data processing	793,795	838,622	724,947	559,345	769,311	895,918	831,006	1,100,069	1,490,464	1,622,356
All other general administration	4,621,578	4,799,470	4,560,921	5,080,450	4,855,152	4,905,790	5,380,851	5,579,205	5,961,766	6,571,228
Plant services	15,756,662	13,680,452	13,261,940	13,858,300	13,588,103	14,390,136	14,877,296	16,813,302	16,051,809	18,031,839
Facilities acquisition and construction	17,790,280	3,631,358	4,114,374	1,931,806	4,077,830	7,221,060	16,238,882	36,922,560	22,439,045	23,418,717
Other educational programs	2,249,472	2,000,222	1,964,872	1,979,274	1,822,981	1,816,338	1,839,169	1,821,710	1,899,126	1,934,257
Transfers between agencies	10,369,290	9,220,442	7,733,342	7,499,560	7,047,368	7,418,151	7,625,711	11,003,019	9,872,062	5,475,906
Other outgo	–	–	–	–	391,535	3,442	–	–	–	–
Debt service:										
Issuance costs	–	–	–	–	–	–	–	–	–	–
Principal	1,625,327	1,582,578	1,567,608	1,621,831	1,693,231	817,806	1,100,000	2,415,000	4,934,706	3,799,706
Interest, fees and issuance costs	1,780,138	1,729,948	1,730,463	1,637,707	1,552,230	1,977,796	2,654,320	2,807,251	3,343,999	3,959,967
All Other Financing Uses	–	–	–	–	–	–	2,899,868	1,000,521	441,262	–
Total Expenditures	167,719,274	141,255,244	141,207,897	139,469,875	145,139,403	157,389,774	181,687,904	217,571,083	219,069,619	234,507,086
Excess (deficiency) of revenues over (under) expenditures	(19,727,885)	(6,490,716)	5,398,854	(5,372,181)	(7,516,916)	(5,077,738)	15,260,436	(20,908,720)	(15,621,642)	(19,921,545)
Other financing sources (uses):										
Operating transfers in	2,100,000	2,100,000	100,000	305,645	2,900,379	288,592	16,881,294	1,851,309	403,754	569,716
Operating transfers out	(2,100,000)	(2,100,000)	(100,000)	(305,645)	(2,900,379)	(2,626,401)	(22,318,645)	(154,957)	(403,754)	(569,716)
Proceeds from capital leases	210,000	–	–	–	–		–	–	–	–
Proceeds from sale of land	–	–	–	–	1,140,000		–	–	–	–
Proceeds from bond issuances	–	–	–	–	18,593,592		–	30,000,000	21,606,303	–
All other financing sources (uses)	–	–	–	–	–	–	–	–	–	–
Total other financing sources (uses)	210,000	–	–	–	19,733,592	(2,337,809)	(5,437,351)	31,696,352	21,606,303	–
Net changes in fund balances	(19,517,885)	(6,490,716)	5,398,854	(5,372,181)	12,216,676	(7,415,547)	9,823,085	10,787,632	5,984,661	(19,921,545)
Fund balances beginning	80,648,085	61,130,200	54,639,484	60,038,338	54,666,157	66,882,833	59,920,107	70,152,786	80,940,418	86,925,079
Prior Period Adjustments	–	–	–	–	–	452,821	409,594	–	–	(392,852)
Fund balances ending	$ 61,130,200	$ 54,639,484	$ 60,038,338	$ 54,666,157	$ 66,882,833	$ 59,920,107	$ 70,152,786	$ 80,940,418	$ 86,925,079	$ 66,610,682
Debt service as a % of non-capital expenditures	2.3%	2.5%	2.5%	2.4%	2.4%	1.9%	2.3%	3.0%	4.4%	3.8%

Source: Data extracted from District Financial Statements

Revenue Base: Assessed Valuation (AV) and Property Tax Collections

Fiscal Year	Local Secured	Utility	Unsecured	Total Net (Taxable) AV	Weighted Average Tax Rate per $100 AV
2009	$ 9,482,432,162	$ 757,481	$ 263,834,906	$ 9,747,024,549	0.1795
2010	8,649,842,239	756,220	279,499,853	8,930,098,312	0.1795
2011	8,608,718,045	760,878	242,857,475	8,852,336,398	0.1795
2012	8,410,879,164	612,519	255,390,374	8,666,882,057	0.1795
2013	8,529,583,220	612,976	267,646,262	8,797,842,458	0.1795
2014	9,027,012,108	612,160	262,964,536	9,290,588,804	0.1795
2015	9,737,213,234	609,494	264,772,067	10,002,594,795	0.1795
2016	10,308,992,898	608,010	268,314,248	10,577,915,156	0.1795
2017	10,972,747,246	503,232	266,402,297	11,239,652,775	0.1795
2018	11,475,964,043	500,146	261,332,938	11,737,797,127	0.1795

Source: California Municipal Statistics, Inc.

Revenue Base: Property Tax Rates, All Direct and Overlapping Governments

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
County-wide Rate (a)	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Kern County Water Agency Zone 7 Debt	0.0289%	0.0332%	0.0315%	0.0363%	0.0271%	0.0299%	0.0248%	0.0240%	0.0270%	0.0395%
Kern County Water Agency Zone 17 Debt	0.0084%	0.0109%	0.0094%	0.0148%	0.0103%	0.0107%	0.0113%	0.0136%	0.0153%	0.0178%
Kern County Water Agency Zone 19 Debt	0.0122%	0.0160%	0.0145%	0.0237%	0.0166%	0.0164%	0.0165%	0.0162%	0.0162%	0.0212%
Panama-Buena Vista Union School District Bond Series 1987B	–	–	–	–	–	–	–	–	–	–
Panama-Buena Vista Union School District Bond Series 2002	0.0088%	0.0099%	0.0116%	0.0115%	–	–	–	–	–	–
Panama-Buena Vista Union School District Bond Series 2012-A	–	–	–	–	–	0.0194%	0.0294%	0.0202%	0.0030%	0.0014%
Panama-Buena Vista Union School District Bond Series 2012-B	–	–	–	–	–	–	–	0.0060%	0.0147%	0.0131%
Panama-Buena Vista Union School District Bond Series 2012-C	–	–	–	–	–	–	–	0.0068%	0.0065%	0.0079%
Kern High School District Bond 96A	0.0136%	0.0163%	0.0172%	–	–	–	–	–	–	–
Kern High School District Bond 1990E	0.0026%	0.0030%	0.0030%	0.0031%	–	–	–	–	–	–
Kern High School District Bond 2004A	0.0061%	0.0073%	0.0072%	0.0073%	0.0011%	–	–	–	–	–
Kern High School District Bond 2004B	0.0078%	0.0106%	0.0104%	0.0104%	0.0094%	0.0016%	0.0016%	–	–	–
Kern High School District Bond 2004C	0.0058%	0.0060%	0.0068%	0.0068%	0.0059%	0.0061%	0.0054%	0.0057%	–	–
Kern High School District Bond 2004D	–	–	–	–	0.0015%	0.0017%	0.0018%	0.0049%	–	0.0018%
Kern High School District Bond 2011	–	–	–	0.0086%	0.0160%	0.0172%	0.0115%	0.0083%	0.0050%	–
Kern High School District Bond 2012	–	–	–	–	0.0097%	0.0014%	0.0077%	0.0070%	0.0067%	0.0066%
Kern High School District Bond 2013	–	–	–	–	–	0.0112%	0.0080%	0.0066%	0.0084%	0.0079%
Kern High School District RF 2004C	–	–	–	–	–	–	–	–	0.0025%	0.0049%
Kern High School District 2004E	–	–	–	–	–	–	–	–	0.0033%	0.0065%
Kern High School District 2016A	–	–	–	–	–	–	–	–	0.0000%	0.0257%
Kern Community College District SRID 2002A	0.0001%	0.0024%	0.0031%	0.0033%	0.0032%	0.0026%	–	–	–	–
Kern Community College District SRID 2002A Refunding	0.0070%	0.0058%	0.0057%	0.0058%	0.0053%	0.0084%	0.0059%	–	–	–
Kern Community College District SRID 2002B	0.0019%	0.0013%	0.0013%	–	–	–	–	0.0020%	0.0032%	0.0036%
Kern Community College District SRID 2002C	–	–	–	–	–	–	0.0035%	0.0033%	0.0062%	0.0032%
Kern Community College District SRID 2005A Refunding	–	–	–	–	–	0.0016%	0.0011%	0.0083%	0.0038%	0.0077%
Kern Community College District SFID 2016A	–	–	–	–	–	–	–	–	–	0.0218%
TOTAL	1.1031%	1.1225%	1.1217%	1.1316%	1.1062%	1.1281%	1.1284%	1.1327%	1.1219%	1.1904%

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the State Constitution. Only a portion of this rate applies to the District.

Source: County of Kern Auditor-Controller's Office

Data Extracted from Above

Panama-Buena Vista Union School District's share of the county-wide general purpose 1% secured tax rate is based on historical formulas and can vary slightly from year to year. For purposes of this table, we show the weighted average tax rate for all tax rates within the district. Tax rates for the ten year period directly applicable to Panama-Buena Vista Union School District include its share of the general purpose tax rate and the special purpose bond rate.

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Panama-Buena Vista Union School District, General Purpose	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%	0.1795%
Panama-Buena Vista Union School District Bond Series 1987B	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Panama-Buena Vista Union School District Bond Series 2002	0.0088%	0.0099%	0.0116%	0.0115%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Panama-Buena Vista Union School District Bond Series 2012-A	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0194%	0.0294%	0.0202%	0.0030%	0.0014%
Panama-Buena Vista Union School District Bond Series 2012-B	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0060%	0.0147%	0.0131%
Panama-Buena Vista Union School District Bond Series 2012-C	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0068%	0.0065%	0.0079%
Total	0.1883%	0.1894%	0.1911%	0.1909%	0.1795%	0.1988%	0.2089%	0.1997%	0.1825%	0.1809%

Principal Local Secured Taxpayers

2017-18 compared to ten years earlier

Rank	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total (1)	2008-09 Assessed Valuation	Rank	% of Total (1)
1	Nestle Dreyers Ice Cream Company	Industrial	$ 161,892,465	1.41%	$ 225,691,891	1	2.38%
2	Valley Plaza Mall LP	Shopping Center	132,936,127	1.16%			
3	Castle & Cooke Inc.	Shopping Center	118,422,935	1.03%	121,494,245	3	1.28%
4	Donahue Schriber Realty Group LP	Shopping Center	76,410,816	0.67%	80,039,167	4	0.84%
5	LSREF2 Tractor REO Bak LLC	Office Building	57,618,184	0.50%			
6	Chevron USA Inc.	Office Building	57,315,791	0.50%	32,053,199	9	0.34%
7	Bolthouse Properties LLC	Shopping Center	49,317,824	0.43%			
8	GSF Springs I Investors LP	Apartments	39,864,623	0.35%	35,421,589	8	0.37%
9	Ming Prop LLC	Office Building	39,610,409	0.35%			
10	Bakersfield Mall LLC	Movie Theater	39,490,138	0.34%	155,567,819	2	1.64%
11	DP Tower I & II LP	Office Building	34,340,775	0.30%			
12	Old River Ranch LLC	Agricultural	32,623,418	0.28%			
13	Laurelglen Properties LLC	Apartments	30,386,173	0.26%			
14	United States Cold Storage of CA	Industrial	29,873,293	0.26%	31,461,278	10	0.33%
15	Lennar Fresno Inc.	Residential Development	29,460,788	0.26%			
16	Kern Schools Federal Credit Union	Credit Union	28,776,302	0.25%			
17	GSF Edgewater Investors LP	Apartments	27,253,142	0.24%			
18	M. Frank St. Clair Family Trust	Apartments	26,628,762	0.23%			
19	Crimson Resource Mgmt. Corp.	Industrial	24,905,545	0.22%			
20	California Resources Production Corp	Office Building	23,787,392	0.21%			
	State Farm Insurance Co.	Office Building			57,700,000	5	0.61%
	Lennar Homes of California, Inc	Residential Development			43,969,207	6	0.46%
	LBREP L Suncal McAllister Ranch LLC	Residential Development			36,677,408	7	0.39%
	Ming Centre LLC	Office Building			30,893,417	11	0.33%
	U.S. Bank NA	Residential Properties			27,636,487	12	0.29%
	TGM Cambridge Village Inc.	Apartments			21,960,326	13	0.23%
	Dunmore Diamond Ridge LLC	Residential Development			21,499,068	14	0.23%
	New Albertsons Inc.	Commercial			20,998,648	15	0.22%
	GMAC Model Home Finance Inc.	Residential Development			20,657,731	16	0.22%
	Standard Pacific Corp.	Residential Development			19,641,627	17	0.21%
	W2005 New Century Hotel Portfolio LP	Hotel			19,602,780	18	0.21%
	Fairway Oaks So LP	Residential Development			18,767,501	19	0.20%
	Stockdale Tower LLC	Shopping Center			18,179,441	20	0.19%
			$1,060,914,902	9.25%	$1,039,912,829		10.97%

(1) 2017-18 Local Secured Assessed Valuation: $11,475,964,043

(1) 2008-09 Local Secured AV: $9,482,432,162

Source: California Municipal Statistics, Inc.

Property Tax Levies and Collections

General Purpose Levy

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2009	$ 13,130,277	$ 13,130,277	100.00%	–	$ 13,130,277	100.00%
2010	12,134,985	12,134,985	100.00%	–	12,134,985	100.00%
2011	11,986,368	11,986,368	100.00%	–	11,986,368	100.00%
2012	11,583,131	11,583,131	100.00%	–	11,583,131	100.00%
2013	11,912,407	11,912,407	100.00%	–	11,912,407	100.00%
2014	12,516,592	12,516,592	100.00%	–	12,516,592	100.00%
2015	13,524,938	13,524,938	100.00%	–	13,524,938	100.00%
2016	14,220,727	14,220,727	100.00%	–	14,220,727	100.00%
2017	15,093,128	15,093,128	100.00%	–	15,093,128	100.00%
2018	15,805,463	15,805,463	100.00%	–	15,805,463	100.00%

(a) Under the Teeter Plan (an alternative method of approportioning tax revenues to school districts), Kern County distributes 100% of the general purpose taxes levied to its districts each year.

Debt Service Levy

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2009	$ 752,801	$ 746,450	99.16%	–	$ 746,450	99.16%
2010	737,181	740,138	100.40%	–	740,138	100.40%
2011	837,358	836,831	99.94%	–	836,831	99.94%
2012	834,750	832,183	99.69%	–	832,183	99.69%
2013	27,561	26,373	95.69%	–	26,373	95.69%
2014	1,325,785	1,323,143	99.80%	–	1,323,143	99.80%
2015	2,175,709	2,171,343	99.80%	–	2,171,343	99.80%
2016	3,655,042	3,655,042	100.00%	–	3,655,042	100.00%
2017	2,970,232	2,970,232	100.00%	–	2,970,232	100.00%
2018	2,856,439	2,856,439	100.00%	–	2,856,439	100.00%

Total, All Levies

Fiscal Year	Taxes Levied (a)	Amount Collected as of June 30	% Collected as of June 30	Amount Collected in Subsequent Years	Total Amount Collected	Total Collected as % of Total Levy
2009	$ 13,883,079	$ 13,876,727	99.95%	–	$ 13,876,727	99.95%
2010	12,872,166	12,875,123	100.02%	–	12,875,123	100.02%
2011	12,823,726	12,823,199	100.00%	–	12,823,199	100.00%
2012	12,417,881	12,415,314	99.98%	–	12,415,314	99.98%
2013	11,939,968	11,938,780	99.99%	–	11,938,780	99.99%
2014	13,842,377	13,839,735	99.98%	–	13,839,735	99.98%
2015	15,700,647	15,696,281	99.97%	–	15,696,281	99.97%
2016	17,875,768	17,875,769	100.00%	–	17,875,769	100.00%
2017	18,063,361	18,063,361	100.00%	–	18,063,361	100.00%
2018	18,661,902	18,661,902	100.00%	–	18,661,902	100.00%

Source: Kern County Auditor Controller

Computation of Legal Debt Margin

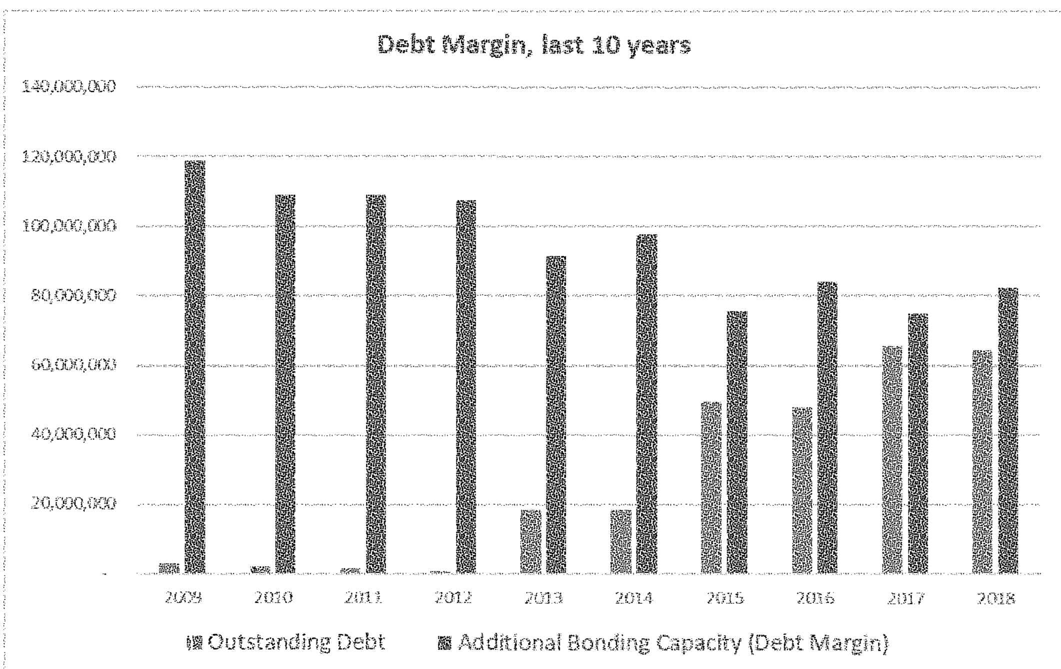
Fiscal Year	Assessed Valuation	Statutory Bonding Capacity (1)	Outstanding Debt	Additional Bonding Capacity (Debt Margin)	Ratio of Debt Margin to Debt Limit
2009	$ 9,747,024,549	$ 121,837,807	$ 3,040,000	$ 118,797,807	97.5%
2010	8,930,098,312	111,626,229	2,345,000	109,281,229	97.9%
2011	8,852,336,398	110,654,205	1,615,000	109,039,205	98.5%
2012	8,666,882,057	108,336,026	841,500	107,494,526	99.2%
2013	8,797,842,458	109,973,031	18,405,000	91,568,031	83.3%
2014	9,290,588,804	116,132,360	18,405,000	97,727,360	84.2%
2015	10,002,594,795	125,032,435	49,545,000	75,487,435	60.4%
2016	10,577,915,156	132,223,939	48,010,000	84,213,939	63.7%
2017	11,239,652,775	140,495,660	65,615,000	74,880,660	53.3%
2018	11,737,797,127	146,722,464	64,375,000	82,347,464	56.1%

Source California Municipal Statistics, Inc. and Kern County

(1) Statuatory Bonding Capactiy is equal to 1.25% of the District's total assessed valuation

The district's debt margin is calculated by subtracting outstanding debt principal (net) general bonded debt from the statuatory bonding capacity. See table below for the net bonded debt for FY2018:

General Bonded Debt, gross	$ 67,639,144
Less, Unamortized Bond Premium	3,264,144
General Bonded Debt (net)	$ 64,375,000



Ratio of (Net) General Bonded Debt to AV / Capita

Year	Net General Bonded Debt	Assessed Value	Debt / AV	Bakersfield Estimated Population	Debt / Capita
2009	$ 3,040,000	$ 9,747,024,549	0.031%	328,692	9
2010	2,345,000	8,930,098,312	0.026%	333,719	7
2011	1,615,000	8,852,336,398	0.018%	348,930	5
2012	841,500	8,666,882,057	0.010%	353,581	2
2013	18,593,041	8,797,842,458	0.211%	358,106	52
2014	18,586,755	9,290,588,804	0.200%	363,956	51
2015	51,466,592	10,002,594,795	0.515%	368,694	140
2016	49,866,738	10,577,915,156	0.471%	358,700	139
2017	69,000,876	11,239,652,775	0.614%	363,612	190
2018	67,639,144	11,737,797,127	0.576%	367,555	184

Estimated population from the U.S. Census Bureau,
http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk

Direct and Overlapping Debt

2017-18 Assessed Valuation: $ 11,737,797,127 (secured, utility, and unsecured)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 6/30/2018	
Kern Community College District Safety, Repair and Improvement District	13.882%	$ 17,901,683	
Kern Community College District School Facilities Improvement District No. 1	13.797	5,549,843	
Kern High School District	21.588	69,713,310	
Kern Delta Water District	52.139	203,342	
City of Bakersfield 1915 Act Bonds	22.175-57.226	8,564,220	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		101,932,398	(1)
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Kern County Certificates of Participation	13.376%	13,328,610	
Kern County Pension Obligations	13.376	30,964,011	
Kern County Board of Education Certificates of Participation	13.376	4,974,534	
Kern Community College District Certificates of Participation	12.476	3,757,147	
Kern Community College District Post Employment Benefit Obligation Bonds	12.476	9,831,712	
Kern High School District Certificates of Participation	21.588	21,515,680	
City of Bakersfield General Fund Obligations	39.836	4,491,509	
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		88,863,203	
NET COMBINED TOTAL OVERLAPPING GENERAL FUND DEBT		190,795,601	(2)

(1) Excludes issue to be sold.

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

District Direct Debt		
General Bonded Debt	100%	64,375,000
Certificates of Participation	100%	24,470,000
Qualified Zone Academy Bond Debt	100%	26,470,588
Capital Lease	100%	21,000
Total, District Direct Debt	100%	115,336,588
Total, Direct and Overlapping Debt (net)		$ 306,132,189

Ratios to 2017-18 Assessed Valuation:	
Direct Debt ($115,336,588)	0.98%
Total Direct and Overlapping Tax and Assessment Debt	1.42%
Combined Total Debt	2.64%

Source: California Municipal Statistics

Ratio of Annual Debt Services Expenditures to General Expenditures

Fiscal Year	Annual Debt Service	Total General Expenditures (1)	Debt / Expenditures
2009	$ 3,405,465	$ 137,410,908	2.48%
2010	3,312,526	124,922,026	2.65%
2011	3,298,071	124,623,727	2.65%
2012	3,259,538	127,917,292	2.55%
2013	3,245,461	129,000,209	2.52%
2014	2,795,602	138,175,282	2.02%
2015	3,754,320	150,594,178	2.49%
2016	5,222,251	166,986,219	3.13%
2017	8,278,705	180,474,267	4.59%
2018	7,759,673	195,947,471	3.96%

(1) General Fund expenditures only

Annual debt service is bond debt due in the upcoming fiscal year as of June 30 of the prior year and excludes bonds issued during the fiscal year

Source: District records, Annual Budget Documents

Enrollment & Attendance History

Fiscal Year	Average Daily Attendance (ADA) 2nd Period	Enrollment (October)	Ratio, ADA to Enrollment	Enrollment Growth: %
2009	15,807	16,385	0.96	-1.1%
2010	15,870	16,529	0.96	0.9%
2011	15,962	16,562	0.96	0.2%
2012	16,126	16,810	0.96	1.5%
2013	16,530	17,325	0.95	3.1%
2014	16,713	17,484	0.96	0.9%
2015	16,693	17,468	0.96	-0.1%
2016	16,856	17,545	0.96	0.4%
2017	17,224	17,898	0.96	2.0%
2018	17,528	18,252	0.96	2.0%

Source: District records

Student-Teacher Ratios

Fiscal Year	Student Enrollment	No. of Classroom Teachers	Student-Teacher Ratio
2009	16,385	838.64	19.54
2010	16,529	706.43	23.40
2011	16,562	713.98	23.20
2012	16,810	668.97	25.13
2013	17,325	681.61	25.42
2014	17,484	722.09	24.21
2015	17,468	778.42	22.44
2016	17,545	787.73	22.27
2017	17,898	836.65	21.39
2018	18,252	871.37	20.95

Source: District records

New Construction for Kern County

	Number of New Units		
Year	Single Unit	Multi-Units	Total
2008	1,471	901	2,372
2009	1,583	192	1,775
2010	1,172	445	1,617
2011	712	257	969
2012	1,238	348	1,586
2013	885	253	1,138
2014	797	20	817
2015	2,098	102	2,200
2016	2,141	115	2,256
2017	2,378	102	2,480

	Valuation		
Year	Single Unit	Multi-Units	Total
2008	255,540,300	64,468,043	320,008,343
2009	288,050,139	9,989,315	298,039,454
2010	212,085,780	39,443,143	251,528,923
2011	132,718,477	17,977,798	150,696,275
2012	255,535,560	28,145,477	283,681,037
2013	153,963,458	22,073,619	176,037,077
2014	136,853,089	1,280,173	138,133,262
2015	465,175,856	8,754,220	473,930,076
2016	475,649,000	12,850,000	488,499,000
2017	535,156,188	30,665,311	565,821,499

Source: U.S. Census Bureau
(http://censtats.census.gov/construction/bps/)

Total Taxable Transactions for Bakersfield and Kern County

Year	Bakersfield	Kern County
2007	$ 5,590,533,000	$ 11,874,302,000
2008	5,314,000,000	12,085,853,000
2009	4,422,123,000	9,932,101,000
2010	4,667,745,000	11,057,910,000
2011	5,450,380,000	13,742,659,000
2012	5,954,794,000	14,666,473,000
2013	8,134,147,000	15,199,124,000
2014	6,284,932,000	15,722,694,000
2015	5,916,757,000	14,322,101,000
2016*	5,737,514,000	13,885,643,000

* Information available only through 2016
Source: State Board of Equalization (http://www.boe.ca.gov/news/tsalescont.htm)

Bank Deposits for Kern County

Data unavailable for the District

Fiscal Year	Deposits (in millions)
2009	$ 5,561,871
2010	5,869,135
2011	6,425,149
2012	6,408,092
2013	6,804,683
2014	7,304,427
2015	7,769,366
2016	8,109,356
2017	8,634,987
2018	8,960,023

Source: Federal Deposit Insurance Corporation
(http://www2.fdic.gov/sod/sodMarketBank.asp)

Principal Employers, Kern County

Most recent (FY 2017) compared to nine years earlier

2017 Rank	Employer	Industry	Employees *	Percentage of Total County Employment	Fiscal Year 2008 Employees	Rank	Percentage of Total County Employment
1	Edwards Air Force Base	Federal Government – National Security	10,000+	2.88%	11,285	2	3.91%
2	China Lake Naval Air Weapons Center	Federal Government – National Security	7,000	1.85%	6,192	6	2.15%
3	County of Kern	County Government	6,442	2.01%	8,480	4	2.94%
4	Grimmway	Agriculture	1,000-4,999	.43% -1.44%	6,300	5	2.18%
5	Dignity Health	Health Care	1,000-4,999	.43% -1.44%			
6	Wm Bolthouse Farms, Inc.	Agriculture	1,000-4,999	.43% -1.44%	2,350	10	0.81%
7	San Joaquin Community Hospital	Health Care	1,000-4,999	.43% -1.44%	11,000	3	3.81%
8	Sun World	Agriculture	1,000-4,999	.43% -1.44%			
9	Chevron	Oil & Gas	1,000-4,999	.43% -1.44%			
10	City of Bakersfield	Local Government	1,000-4,999	.43% -1.44%			
	Kern County Public Schools	Education			27,000	1	9.36%
	Guimarra Vineyards	Agriculture			4,000	7	1.39%
	Esparza Enterprises	Agriculture			3,600	8	1.25%
	Catholic Healthcare West	Health Care			2,350	9	0.81%
			13,442	6.74%	82,557		28.61%

* Employee data was only available with estimates

Source: County of Kern annual financial report

Staffing by FTE by Function

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Instruction										
Teachers	838.64	706.43	713.98	668.97	681.61	722.09	778.42	787.73	836.65	871.37
Paraprofessionals	155.88	149.75	170.19	241.50	195.54	200.51	220.62	230.88	275.58	326.12
Sub-total, Instruction	994.52	856.18	884.17	910.47	877.15	922.60	999.04	1,018.61	1,112.23	1,197.49
Instruction-related services	228.45	218.23	194.27	216.83	222.72	233.65	239.87	237.31	258.30	265.31
Pupil services	191.24	166.75	166.88	187.72	208.55	200.90	222.66	241.82	251.83	297.33
General administration	61.50	61.00	56.13	57.00	58.00	56.00	62.00	68.00	68.00	66.00
Plant services	116.25	93.75	96.00	99.63	99.25	103.25	112.00	112.50	126.50	144.88
Total, all staffing	1,591.96	1,395.91	1,397.45	1,471.65	1,465.67	1,516.40	1,635.57	1,678.24	1,816.86	1,971.01
Teachers (FTE)	838.64	706.43	713.98	668.97	681.61	722.09	778.42	787.73	836.65	871.37
% of total staffing	53%	51%	51%	45%	47%	48%	48%	47%	46%	44%

Source: District records

2017-18 Teaching Staff Demographics

Average Age	45	
Average Years Teaching in District	11	
Average Total Years Teaching	11	
1st Year	126	teachers
2nd Year	71	teachers
3-5 Years	149	teachers
6 + Years	551	teachers
Male	158	
Female	739	
	897	
Ethnicity		
White	697	78%
All Other	200	22%
	897	
Highest Education Level Attained		
Masters or greater	245	
Teachers with CLAD Credentials	897	

Source: District records

Capital Assets by Function and Activity

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Instruction	$ 134,663,465	$ 147,798,437	$ 142,797,292	$ 137,928,037	$ 132,461,128	$ 138,456,099	$ 129,758,082	$ 124,721,834	$ 119,695,273	$ 114,770,339
Supervision of instruction	104,096	72,804	43,472	14,922	11,286	9,767	8,248	6,729	5,210	18,841
Instruction library, media and technology	653,160	532,206	428,102	318,273	244,805	198,510	159,889	113,503	67,976	28,956
School site administration	94,107	139,381	120,942	93,612	83,874	69,059	56,065	51,229	40,722	30,491
Home-to-school transportation	958,280	701,281	629,441	1,046,523	803,588	638,447	476,737	582,769	955,017	2,168,629
Food services	411,907	512,201	476,831	438,873	492,030	498,749	447,578	559,896	484,805	484,059
All other pupil services	75,908	20,027	65,675	60,742	61,104	71,814	85,698	90,307	81,235	66,300
Data processing	14,491	68,514	54,030	40,165	46,745	33,887	34,374	143,380	170,975	17,587
All other general administration	888,249	902,309	815,573	742,480	669,283	1,993,754	1,463,531	1,316,691	1,139,153	1,340,089
Plant services	1,540,865	269,346	5,661,433	6,120,412	10,390,458	1,404,310	20,389,444	19,876,396	68,440,203	68,104,304
Workin progress	16,154,249	2,784,193	1,357,724	2,534,114	1,967,783	4,558,055	4,474,856	39,706,287	10,479,911	29,953,824
Total capital assets	$ 155,558,778	$ 153,800,697	$ 152,450,514	$ 149,338,152	$ 147,232,083	$ 147,932,450	$ 157,354,501	$ 187,169,021	$ 201,560,480	$ 216,983,420

Source: Data extracted from District Financial Statements

School Building Information

	Year Built	Year Renovated	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Panama Elementary	1875	2009										
Square Feet			35,424	35,424	35,424	35,424	35,424	35,424	38,304	38,304	38,304	38,304
Capacity			854	854	854	854	854	854	938	938	938	938
Enrollment			1,047	631	616	649	670	742	799	817	843	855
Percentage of Capacity in Use			122.6%	73.9%	72.1%	76.0%	78.5%	86.9%	85.2%	87.1%	89.9%	91.2%
Stine Elementary	1900	1991										
Square Feet			35,787	35,787	35,787	35,787	35,787	35,787	37,227	37,227	37,227	37,227
Capacity			899	899	899	899	899	899	941	941	941	941
Enrollment			727	745	780	806	774	756	716	674	684	655
Percentage of Capacity in Use			80.9%	82.9%	86.8%	89.7%	86.1%	84.1%	76.1%	71.6%	72.7%	69.6%
Amy B. Seibert Elementary	1963	2013										
Square Feet			37,920	37,920	37,920	37,920	37,920	37,920	39,360	39,360	39,360	39,360
Capacity			854	854	854	854	854	854	896	896	896	896
Enrollment			711	705	704	696	717	733	764	744	717	714
Percentage of Capacity in Use			83.3%	82.6%	82.4%	81.5%	84.0%	85.8%	85.3%	83.0%	80.0%	79.7%
Wayne Van Horn Elementary	1969	1988										
Square Feet			35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298	35,298
Capacity			840	840	840	840	840	840	840	840	840	840
Enrollment			611	660	618	536	558	571	575	528	556	583
Percentage of Capacity in Use			72.7%	78.6%	73.6%	63.8%	66.4%	68.0%	68.5%	62.9%	66.2%	69.4%
Charles H. Castle Elementary	1976	1989										
Square Feet			34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943
Capacity			924	924	924	924	924	924	924	924	924	924
Enrollment			762	744	737	689	714	677	704	723	696	843
Percentage of Capacity in Use			82.5%	80.5%	79.8%	74.6%	77.3%	73.3%	76.2%	78.2%	75.3%	91.2%
Stockdale Elementary	1977	1988										
Square Feet			29,323	29,323	29,323	29,323	29,323	29,323	33,643	33,643	33,643	33,643
Capacity			616	616	616	616	616	616	742	742	742	742
Enrollment			508	501	489	542	570	542	628	629	631	645
Percentage of Capacity in Use			82.5%	81.3%	79.4%	88.0%	92.5%	88.0%	84.6%	84.8%	85.0%	86.9%
Loiuse Sandrini Elementary	1979	1988										
Square Feet			32,690	32,690	32,690	32,690	32,690	32,690	34,610	34,610	34,610	34,610
Capacity			798	798	798	798	798	798	854	854	854	854
Enrollment			614	581	588	594	605	610	582	636	647	660
Percentage of Capacity in Use			76.9%	72.8%	73.7%	74.4%	75.8%	76.4%	68.1%	74.5%	75.8%	77.3%
Sing Lum Elementary	1984	2017										
Square Feet			33,278	33,278	33,278	33,278	33,278	33,278	33,278	33,278	32,790	32,790
Capacity			784	784	784	784	784	784	784	784	956	956
Enrollment			790	745	822	791	800	783	711	703	734	735
Percentage of Capacity in Use			100.8%	95.0%	104.8%	100.9%	102.0%	99.9%	90.7%	89.7%	76.7%	76.9%
Laurelglen Elementary	1985	2011										
Square Feet			30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398	30,398
Capacity			616	616	616	616	616	616	616	616	616	616
Enrollment			562	558	529	533	570	603	606	610	619	585
Percentage of Capacity in Use			91.2%	90.6%	85.9%	86.5%	92.5%	97.9%	98.4%	99.0%	100.5%	95.0%
Leo B. Hart Elementary	1988	n/a										
Square Feet			30,878	30,878	30,878	30,878	30,878	30,878	35,198	35,198	35,198	35,198
Capacity			672	672	672	672	672	672	798	798	798	798
Enrollment			500	530	531	543	571	571	700	726	729	723
Percentage of Capacity in Use			74.4%	78.9%	79.0%	80.8%	85.0%	85.0%	87.7%	91.0%	91.4%	90.6%
Roy W. Loudon Elementary	1989	2008										
Square Feet			38,094	38,094	38,094	38,094	38,094	38,094	42,414	42,414	42,414	42,414
Capacity			924	924	924	924	924	924	1,050	1,050	1,050	1,050
Enrollment			835	826	794	804	835	799	807	767	781	790
Percentage of Capacity in Use			90.4%	89.4%	85.9%	87.0%	90.4%	86.5%	76.9%	73.0%	74.4%	75.2%
Buena Vista Elementary	1875	2013										
Square Feet			38,266	38,266	38,266	38,266	38,266	38,266	39,706	39,706	39,706	39,706
Capacity			980	980	980	980	980	980	1,022	1,022	1,022	1,022
Enrollment			932	866	881	884	907	934	917	893	924	946
Percentage of Capacity in Use			95.1%	88.4%	89.9%	90.2%	92.6%	95.3%	89.7%	87.4%	90.4%	92.6%

School Building Information

	Year Built	Year Renovated	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Christa McAuliffe Elementary	1991	n/a										
Square Feet			31,991	31,991	31,991	31,991	31,991	31,991	32,951	32,951	32,951	32,951
Capacity			700	700	700	700	700	700	700	700	700	700
Enrollment			484	508	502	560	619	618	549	584	537	540
Percentage of Capacity in Use			69.1%	72.6%	71.7%	80.0%	88.4%	88.3%	78.4%	83.4%	76.7%	77.1%
Bill L. Williams Elementary	1996	2013										
Square Feet			35,302	35,302	35,302	35,302	35,302	35,302	38,662	38,662	41,542	41,542
Capacity			868	868	868	868	868	868	966	966	1,134	1,134
Enrollment			761	692	644	646	695	701	820	854	908	963
Percentage of Capacity in Use			87.7%	79.7%	74.2%	74.4%	80.1%	80.8%	84.9%	88.4%	80.1%	84.9%
Ronald Reagan Elementary	1998	n/a										
Square Feet			41,726	41,726	41,726	41,726	41,726	41,726	42,686	42,686	42,686	42,686
Capacity			1,008	1,008	1,008	1,008	1,008	1,008	1,036	1,036	1,036	1,036
Enrollment			842	858	864	891	958	919	942	936	971	940
Percentage of Capacity in Use			83.5%	85.1%	85.7%	88.4%	95.0%	91.2%	90.9%	90.3%	93.7%	90.7%
Berkshire Elementary	2002	2012										
Square Feet			41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259	41,259
Capacity			1,019	1,019	1,019	1,019	1,019	1,019	1,036	1,036	1,036	1,036
Enrollment			989	994	979	1,022	1,021	1,074	1,003	1,044	1,000	991
Percentage of Capacity in Use			97.0%	97.5%	96.1%	100.3%	100.2%	105.4%	96.8%	100.8%	96.5%	95.7%
Old River Elementary	2007	n/a										
Square Feet			41,835	41,835	41,835	41,835	41,835	41,835	44,715	44,715	44,715	44,715
Capacity			1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Enrollment			846	919	945	991	1,006	1,000	890	883	877	864
Percentage of Capacity in Use			81.7%	88.7%	91.2%	95.7%	97.1%	96.5%	85.9%	85.2%	84.7%	83.4%
Douglas J. Miller Elementary	2009	n/a										
Square Feet			–	36,460	36,460	36,460	36,460	36,460	36,460	36,460	39,820	39,820
Capacity			–	896	896	896	896	896	896	896	1,092	1,092
Enrollment			–	627	736	760	807	892	857	941	1,061	1,140
Percentage of Capacity in Use			–	70.0%	82.1%	84.8%	90.1%	99.6%	95.6%	105.0%	97.2%	104.4%
Fred L. Thompson Junior High School	1967	2009										
Square Feet			38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885	38,885
Capacity			981	981	981	981	981	981	981	981	981	981
Enrollment			826	843	768	746	774	798	741	679	753	764
Percentage of Capacity in Use			84.2%	85.9%	78.3%	76.0%	78.9%	81.3%	75.5%	69.2%	76.7%	77.9%
O.J. Actis Junior High School	1979	1992										
Square Feet			38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336	38,336
Capacity			924	924	924	924	924	924	924	924	924	924
Enrollment			761	714	746	708	657	634	676	666	683	673
Percentage of Capacity in Use			82.4%	77.3%	80.7%	76.6%	71.1%	68.6%	73.2%	72.1%	73.9%	72.8%
Tevis Junior High School	1988	1992										
Square Feet			41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872	41,872
Capacity			1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028	1,028
Enrollment			777	729	702	746	757	738	733	782	797	780
Percentage of Capacity in Use			75.6%	70.9%	68.3%	72.6%	73.7%	71.8%	71.3%	76.1%	77.5%	75.9%
Earl Warren Junior High School	1995	n/a										
Square Feet			44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529	44,529
Capacity			1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Enrollment			788	817	817	862	921	929	858	846	887	892
Percentage of Capacity in Use			68.6%	71.2%	71.2%	75.1%	80.2%	80.9%	74.7%	73.7%	77.3%	77.7%
Stonecreek Junior High School	2006	n/a										
Square Feet			42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609	42,609
Capacity			1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092	1,092
Enrollment			712	736	770	811	819	860	890	880	863	971
Percentage of Capacity in Use			65.2%	67.4%	70.5%	74.3%	75.0%	78.8%	81.5%	80.6%	79.0%	88.9%

School Building Information

	Year Built	Year Renovated	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
District Office	1983	2015										
Square Feet			33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792	33,792
District Office East	1991	2011										
Square Feet			21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658	21,658
District Office South	2014	n/a										
Square Feet			–	–	–	–	–	17,040	17,040	17,040	17,040	17,040
Special Services	2010	n/a										
Square Feet			–	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732	10,732

Square footage includes permanent buildings and portable units
Capacity based on average of 28 students per classroom, including portable buildings

Source: District records

History of Investment Income (Interest Earnings)

By Fund Type

Fiscal Year	General	Special Revenue	Capital Projects	Bond Interest & Redemption	Total, All Funds
2009	$ 757,387	$ 505,424	$ 470,167	$ 34,019	$ 1,766,997
2010	292,785	189,073	225,579	10,454	717,891
2011	171,238	105,926	290,743	8,106	576,013
2012	123,960	62,538	225,825	6,237	418,560
2013	84,645	40,323	127,049	5,181	257,198
2014	77,711	53,353	88,817	64,527	284,408
2015	55,352	30,481	159,581	20,530	265,944
2016	72,503	76,225	272,735	18,971	440,434
2017	231,991	36,627	411,716	27,893	708,227
2018	404,662	149,750	505,629	54,525	1,114,566

Source: District records

Panama-Buena Vista Union School District Community Demographic Data: 2016

	City	County	State
Population	367,555	871,337	38,654,206
Distribution by Age			
Under 5 Years	9%	8%	7%
5 - 19 Years	25%	24%	20%
20 - 44 Years	37%	36%	36%
45 - 64 Years	21%	22%	25%
65 Year or Older	9%	10%	13%
Median Age	30	31	36
Household Characteristics			
Number of children under 18	110,852	256,234	9,112,964
% Living in Single-Parent Households	36%	37%	32%
Income and Wealth			
Median Household Income	$ 58,669	$ 49,788	$ 63,783
Income per Person	$ 30,404	$ 26,053	$ 31,739
Median Home Value	$ 214,600	$ 175,600	$ 409,300
Adult Education Attainment Levels			
Adults with H.S. Diploma	80%	79%	82%
Adults with Bachelor's Degree	21%	14%	32%

Source: U.S. Census Bureau, 2011-2015 American Community Survey
http://factfinder.census.gov/
District data unavailable

The data is updated every two years, with this being the most recent data available

Comparative Birth Data

Calendar Year	PBVUSD Zip Codes	Kern County	California
2007	2,309	15,328	566,137
2008	2,277	15,315	551,567
2009	2,336	14,827	526,774
2010	2,239	14,416	509,974
2011	2,213	14,287	502,023
2012	2,286	14,558	503,788
2013	2,280	14,145	494,392
2014	2,322	*	502,973
2015	2,336	*	491,748
2016	2,356	*	494,524

Total births by place of mother's residence.

Data for Panama-Buena Vista Union School District was obtained through Davis Demographics & Planning, Inc., by zip code.
* Data was not available for 2014 - 2016
Source: California Department of Health Statistics

Miscellaneous Statistics

District Name:	Panama-Buena Vista Union School District	
Type of District:	Elementary (K-8)	
Year Founded:	1875	
Area (square miles):	93	(est.)
Population served:	135,002	(est.)
Number of schools:		
Elementary (K-6)	18	
Intermediate (7-8)	5	
Total	23	
Enrollment:		
Elementary (K-6)	14,481	(Fall 2017)
Intermediate (7-8)	3,771	(Fall 2017)
Total	18,252	
% of students eligible for free or reduced lunches	68.18%	
Number of employees:		
Certificated:	959	full-time equivalents
Classified	857	full-time equivalents
Management/Confidential	155	full-time equivalents
Total	1,971	
Teacher per Pupil Ratio:	21.39	

Source: District records

OTHER INDEPENDENT AUDITOR REPORTS

DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

PATRICK W. PAGGI

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

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Panama-Buena Vista Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Panama-Buena Vista Union School District's basic financial statements, and have issued our report thereon dated January 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Panama-Buena Vista Union 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 Panama-Buena Vista Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Panama-Buena Vista Union 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.

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www.dpvb.com

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Panama-Buena Vista Union School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Daniells Phillips Vaughan & Bock

Bakersfield, California
January 10, 2019

DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

PATRICK W. PAGGI

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

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on Compliance for Each Major Federal Program

We have audited Panama-Buena Vista Union 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 Panama-Buena Vista Union School District's major federal program for the year ended June 30, 2018. Panama-Buena Vista Union School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Panama-Buena Vista Union School District's major federal 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; 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 Panama-Buena Vista Union 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 Panama-Buena Vista Union School District's compliance.

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www. dpvb.com

Opinion on Each Major Federal Program

In our opinion, Panama-Buena Vista Union 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 its major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Panama-Buena Vista Union 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 Panama-Buena Vista Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Panama-Buena Vista Union 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.

Daniells Phillips Vaughan & Bock

Bakersfield, California
January 10, 2019

DANIELLS PHILLIPS
VAUGHAN & BOCK
CPAs and Advisors

An independently owned member RSM US Alliance

Member of AICPA Division for Firms
Private Companies Practice Section

PATRICK W. PAGGI

INDEPENDENT AUDITOR'S
REPORT ON STATE COMPLIANCE

Board of Trustees
Panama-Buena Vista
Union School District
Bakersfield, California

Report on State Compliance

We have audited Panama-Buena Vista Union School District's compliance with the types of compliance requirements described in the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting that could have a direct and material effect on each of Panama-Buena Vista Union School District's State government programs as noted below for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of Panama-Buena Vista Union School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, issued by the California Education Audit Appeals Panel. 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 the applicable government programs noted below occurred. An audit includes examining, on a test basis, evidence about Panama-Buena Vista Union 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 state program. However, our audit does not provide a legal determination of Panama-Buena Vista Union School District's compliance.

Unmodified Opinion

In our opinion, Panama-Buena Vista Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2018.

300 New Stine Road – Bakersfield, CA 93303 – Tel. 661.834.7411 – Fax.661.834.4389 – www.dpvb.com

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items SA-2018-001, SA-2018-002, and SA-2018-003. Our opinion on the financial statements is not modified with respect to these matters.

Panama-Buena Vista Union School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Panama-Buena Vista Union School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

In connection with the audit referred to above, we selected and tested transactions and records to determine Panama-Buena Vista Union School District's compliance with the State laws and regulations applicable to the following items:

	Procedures Performed
Attendance Accounting:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not applicable
Continuation Education	Not applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable[1]
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	Not applicable
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	Not applicable
Charter Schools:	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes – Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

1 The District's Early Retirement Incentive does not meet the definition of the Early Retirement Incentive program under STRS.

Daniells Phillips Vaughan & Bock

Bakersfield, California
January 10, 2019

FINDINGS AND RECOMMENDATIONS

Panama-Buena Vista Union School District
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2018

Section I – **Summary of Auditor's Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified?	______ 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?	______ 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 section 2 CFR 200.516(a)?	______ Yes	X No

Identification of major program:

CDFA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies (Title I Part A of the ESSA)

Dollar threshold used to distinguish between Type A And Type B programs:		$750,000
Auditee qualified as low-risk auditee?	X Yes	______ No

State Awards

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies)?	______ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Local Educational Agencies K-12 Audit Guide	X Yes	______ No
Type of auditor's report issued on compliance for state programs:		Unmodified

Panama-Buena Vista Union School District
Schedule of Audit Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – State Award Findings and Questioned Costs

SA-2018-001 10000 Attendance

Criteria:

Education Code Section 46300 discusses the calculation for Average Daily Attendance (ADA) of a School District. The ADA calculations must be supported by contemporaneous records of actual classroom attendance as documented through Teacher Daily Attendance records.

The Local Education Agency (LEA) should test attendance compliance by selecting a sample of classes and agree monthly totals from monthly reports to the weekly attendance sheets.

Condition:

For one of three months selected for testing, the totals per the ATD 603 agreed with the ATD 604, however, the ATD 604 did not agree with the J-18 Apportionment report. Month two reported a total of 352,035 per the ATD 603 and ATD 604 reports and a total of 352,053 per the J-18 Apportionment report, which resulted in the District over reporting ADA by 18 for month two.

Effect:

The effect of the condition resulted in the District over reporting ADA by 18 students or 0.10 days of attendance in the report for appointment, for a total dollar impact of $886.

Cause:

The error occurred due to a lack of review of the ATD 603 and ATD 604 reports as compared to the J-18 Apportionment report.

Recommendation:

We recommend the District adhere to the current policies and procedures in place regarding compiling and reviewing the District's ADA attendance by teacher, grade and school site to ensure proper reporting.

Management's Response:

The attendance software used by the District does not provide the ability to lock attendance reporting changes after submission. The District has initiated requests to the software provider to allow for District Internal Control of database management, but has not currently succeeded in having the software modified to disallow retroactive changes. Management has advised attendance accounting personnel of the importance of adhering to the standard district procedures, including refraining from altering records after submission. Management will continue to conduct a periodic inspection process to monitor compliance with the uniform district standards. Furthermore, the district will ensure that ongoing training of the attendance accounting personnel takes place. District staff will continue to work with various school staff throughout the school year to provide assistance, training, information, etc., as necessary to keep staff informed with the District policies and procedures pertaining to proper attendance/absence reporting.

SA-2018-002 40000 State Compliance

Criteria:

Education Code Section 41020 requires Local Education Agencies (LEAs) that operate After School Education and Safety (ASES) Programs to report attendance to the California Department of Education. The number of students served must be supported by written records that document the pupil's participation.

Condition:

The records maintained by the District for the ASES program for the four schools and the three months selected for attendance testing did not agree with the documentation reported to the California Department of Education. Various errors were noted such as no documentation provided for early pickup or absence, sign-in sheet marked as absent but pupil was marked as present on the attendance sheet, sign-in sheet marked as present but pupil was marked absent on the attendance sheet, pupil had three or more absences and was not dropped from the program, no documentation provided for absences, etc. These are violations of the District and the California Department of Education's policies and procedures for maintaining written records for the pupils' participation in the ASES program.

Effect:

The effect of the errors is the misreporting of attendance. The LEA did not maintain proper documentation regarding the policies and procedures established by the District and the California Department of Education in relation to ASES programs. Since it could not be determined which of the records were accurate, there is no way to conclude if there was any financial impact.

Cause:

The error occurred due to a lack of review and knowledge of program requirements at the program level to ensure that all documentation is complete and accurate.

Recommendation:

We recommend that the LEA follow their current policies and procedures in place to ensure that attendance records are complete and accurate and in compliance with their established early release policy.

Management's Response:

Regular periodic monitoring of attendance records for the ASES program will take place. Documentation will be reviewed and substantiated by the ASES administrative clerical staff to assure that information is clear and consistent. Staff who are immediately responsible for attendance records will receive additional and ongoing training.

SA-2018-003 70000 Instructional Materials

Criteria:

Education Code Section 60119 states (1) (A) The governing board shall hold a public hearing or hearings at which the governing board shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders, and shall make a determination, through a resolution, as to whether each pupil in each school in the district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted pursuant to Section 60605 in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the state board:

i. Mathematics
ii. Science
iii. History-social science
iv. English/language arts, including the English language development component of an adopted program.

(B) The public hearing shall take place on or before the end of the eighth week from the first day pupils attend school for that year. A school district that operates schools on a multitrack, year-round calendar shall hold the hearing on or before the end of the eighth week from the first day pupils attend school for that year on any tracks that begin a school year in August or September.

Condition:

The District did not comply with Education Code section 60119 as the District held their public hearing regarding the sufficiency of textbooks and instructional materials during the tenth week from the first day pupils attended school for that year.

Effect:

The effect of the condition resulted in the District not holding their public hearing related to text books on or before the eighth week from the first day pupils attended school. There was no financial impact as a result of this.

Cause:

The error occurred due to the District's failure to adhere to known Education Code requirements due to changes/vacancies in key personnel during this time period.

Recommendation:

We recommend that the District more closely monitor and adhere to existing policies and procedures in order to maintain compliance with the requirements of the California Department of Education.

Management's Response:

The District will verify that all future public hearings regarding the sufficiency of textbooks and instructional materials will be held prior to the end of the eighth week from the first day pupils attended school for that year.

Panama-Buena Vista Union School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Findings/Recommendation	Current Status	Client Response If Not Implemented
SA-2017-001 – 10000 Attendance Certain underlying documents did not agree to the amounts reported on ATD 603 reports.	Similar issue noted in the current year, see SA-2018-001	*
SA-2017-002 – 40000 State Compliance Documentation for students leaving the ASES program early was incomplete in some instances.	Similar issue noted in the current year, see SA-2018-002	**

* Client response to finding: See current year response to SA-2018-001 for planned corrective action plan.

** Client response to finding: See current year response to SA-2018-002 for planned corrective action plan.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series 2019 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series 2019 Bonds in substantially the following form:

[Date of Delivery]

Panama-Buena Vista Union School District
Bakersfield, California

Panama-Buena Vista Union School District
(Kern County, California)
General Obligation Bonds, Election of 2018, Series 2019
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Panama-Buena Vista Union School District (the "District"), which is located in the County of Kern (the "County"), in connection with the issuance by the District of $22,000,000 aggregate principal amount of bonds designated as "Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2018, Series 2019" (the "Series 2019 Bonds"), representing part of an issue in the aggregate principal amount of $90,000,000 authorized at an election held in the District on November 6, 2018. The Series 2019 Bonds are issued under and pursuant to a resolution of the Board of Trustees of the District adopted on February 12, 2019 (the "Resolution").

In such connection, we have reviewed the Resolution, 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, opinions 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 Series 2019 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 referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Series 2019 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 Series 2019 Bonds, the Resolution 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 or 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 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, dated February 21, 2019, or other offering material relating to the Series 2019 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 Series 2019 Bonds constitute valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation 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 Series 2019 Bonds and the interest thereon.

4. Interest on the Series 2019 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 Series 2019 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 Series 2019 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Panama-Buena Vista Union School District (the "District") in connection with the issuance of $22,000,000 aggregate principal amount of Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2018, Series 2019(the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on February 12, 2019 (the "Resolution"). 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 Resolution, 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 hereof.

"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 Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for the purposes of the Listed Events set out in Section 5 (a)(x) and 5(b)(viii), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) hereof.

"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.

"Official Statement" shall mean the Official Statement, dated February 21, 2019 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean the original underwriter(s) 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 months after the end of the District's fiscal year (which due date shall be March 31 of each year, so long as the District's fiscal year ends on June 30), commencing with the report for the 2018-19 Fiscal Year (which is due not later than March 31, 2020), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, 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 3(a) hereof, 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.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The average daily attendance in District schools on an aggregate basis for the preceding fiscal year;

(ii) Pension plan contributions made by the District for the preceding fiscal year;

(iii) The adopted budget of the District for the then-current fiscal year.

(iv) Assessed value of taxable property in the District for the then-current fiscal year as shown on the most recent equalized assessment role.

(v) If the County of Kern (the "County") no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

(vi) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value, if provided by the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. 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 in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers or their failure to perform;

(v) 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);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the obligated person; or

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

Note: For the purposes of the event identified in subparagraph (ix), 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, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), 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;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) 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;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) 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.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc. doing business as Applied Best Practices.

Section 9. 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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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 proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

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 a filing with the MSRB, 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, 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 in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. 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 or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: March 7, 2019

PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT

By: ____________________________________

ACCEPTED AND AGREED TO:

FIELDMAN, ROLAPP & ASSOCIATES,
INC. DOING BUSINESS AS APPLIED
BEST PRACTICES, as Dissemination Agent

By: ____________________________________
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	PANAMA BUENA-VISTA UNION SCHOOL DISTRICT
Name of Issue:	Panama-Buena Vista Union School District (Kern County, California) General Obligation Bonds, Election of 2018, Series 2019
Date of Issuance:	March 7, 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 4 of the Continuing Disclosure Certificate of the District, dated March 7, 2019. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

PANAMA-BUENA VISTA UNION
SCHOOL DISTRICT

APPENDIX E

KERN COUNTY INVESTMENT POLICIES AND PRACTICES; DESCRIPTION OF INVESTMENT POOL

The following information has been furnished by the Office of the Treasurer-Tax Collector (the "County Treasurer") of the County of Kern. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 1115 Truxtun Avenue, 2nd Floor, Bakersfield, California 93301.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY
Approved By the Board of Supervisors December 4, 2018

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

FIDUCIARY RESPONSIBILITY:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY:

The portfolio will maintain a weighted-average maturity of no greater than 2 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 35% of its total book value in securities having a maturity of one (1) year or less.

PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORTFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

TREASURY OVERSIGHT COMMITTEE:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph

M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to: wire transfers, custodial safekeeping charges, necessary capital outlays, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to $10,000,000	24 hours
Withdrawals of $10,000,001 and more	72 hours

Notification should be by email to 2servu@co.kern.ca.us. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

This Space Intentionally Left Blank

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/ FITCH)
Inactive Accounts aka Money Market Accounts	$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	Maximum per issuer limit of 40%	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F1

Commercial paper of U.S. Corps with total assets in excess of $500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F1
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	15%	Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	None	Daily	Advisor requirements
Asset-Backed Securities	10%	None	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	35%	n/a
367- 1097 Days - 1 to 3 years	n/a	65%
1097-1827 Days - 3 to 5 years	n/a	25%

The weighted-average maturity of the portfolio will not exceed 2 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS

Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

This Space Intentionally Left Blank

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on the securities offered for sale.
   (c) Be willing to purchase securities from our portfolio.
   (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities

TOC Approved 11/08/18
BOS Approved 12/04/18

dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

This Space Intentionally Left Blank

GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called “Market Risk”.

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer’s Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

This Space Intentionally Left Blank

BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I______________________________ of ______________________________
(Name) (Company)

hereby certify that:

1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

Signed:

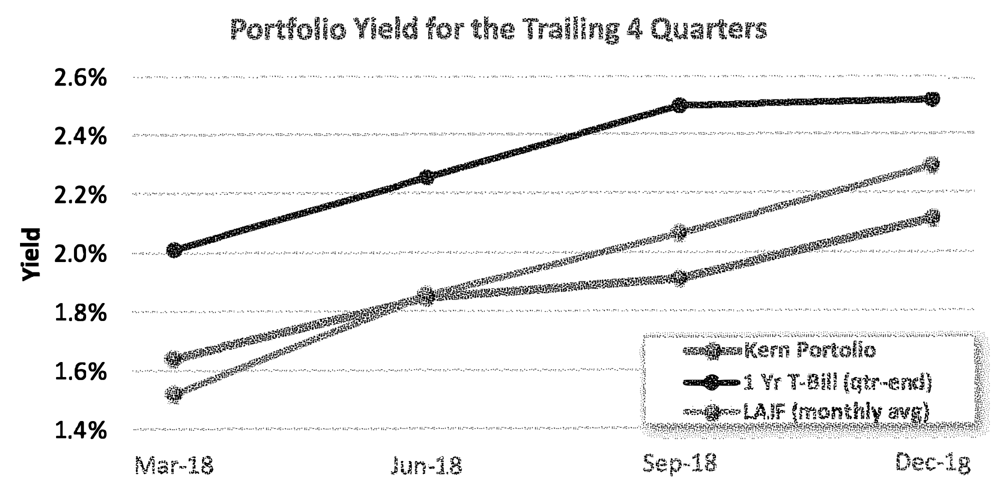
____ Date:________________________

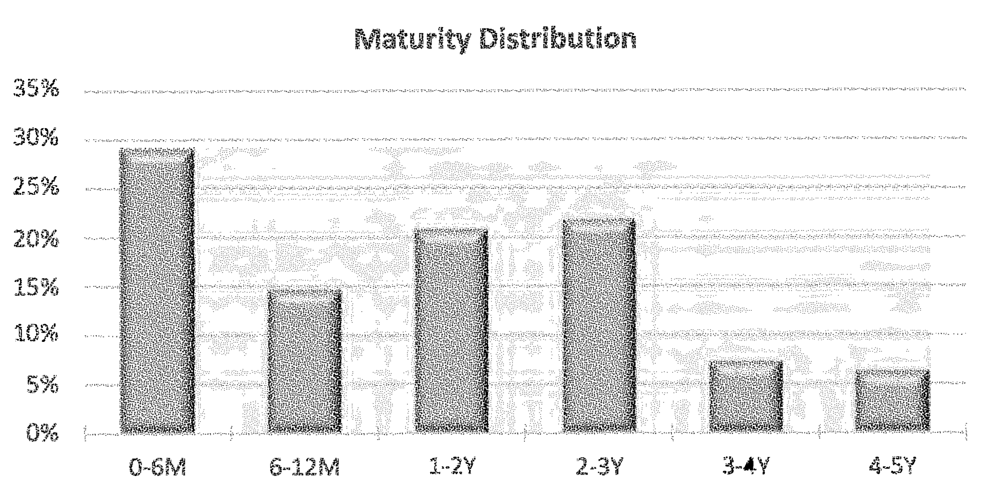
Kern County Treasurer's Pooled Cash

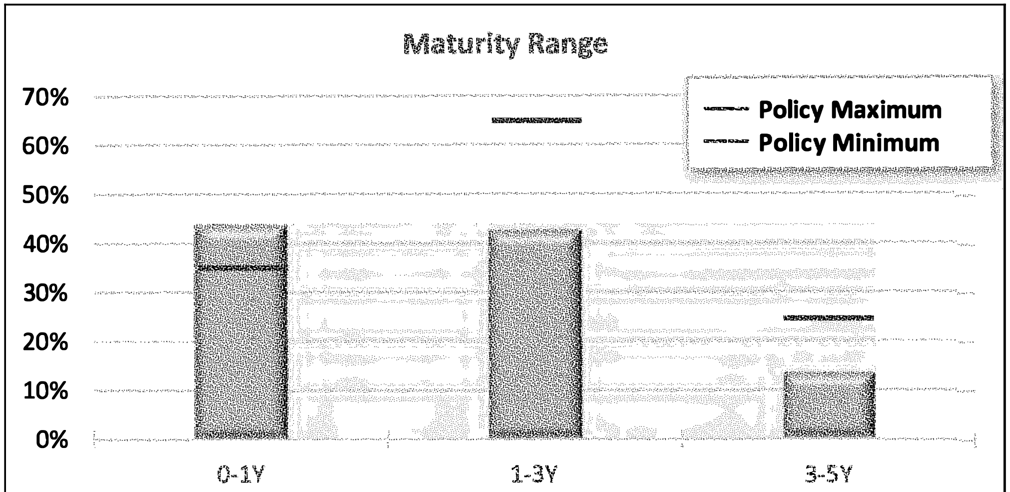
Portfolio Summary

12/31/2018

Total Market Value	$ 3,292,310,851
Yield to Maturity at Cost	2.11%
Yield to Maturity at Market	2.69%
Effective Duration	1.39
Weighted Average Years to Maturity	1.52



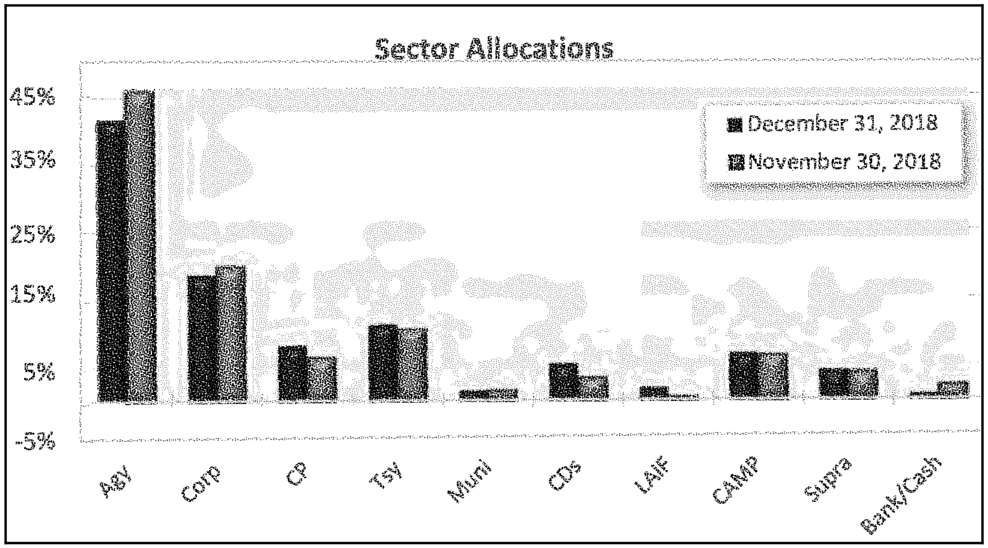


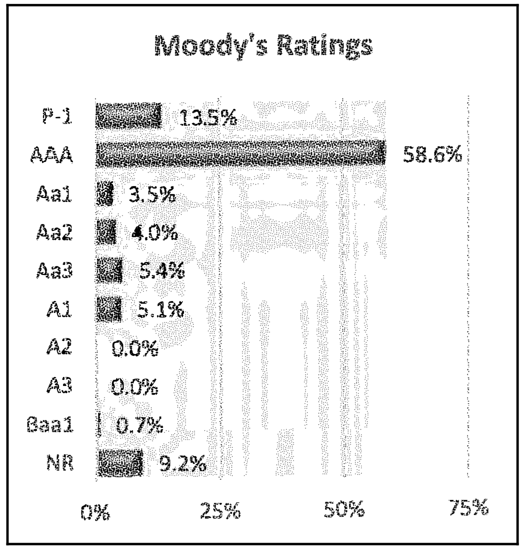


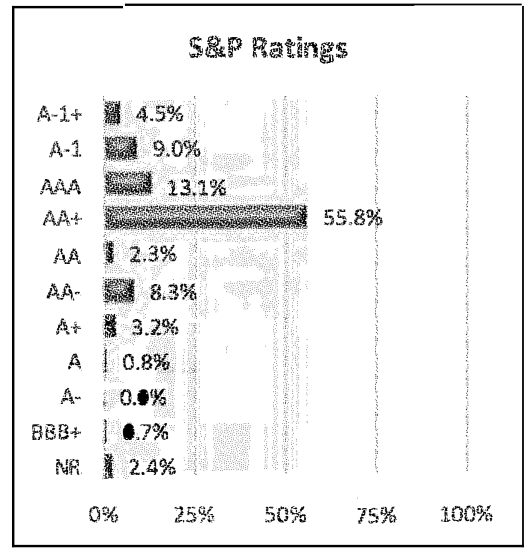
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

Kern County Treasurer's Pooled Cash
Portfolio Summary
12/31/2018

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	56,622,357	56,622,357	56,622,357	2.38%	1.72%	$65 Million	1
California Asset Management Program	225,307,364	225,307,364	225,307,364	2.46%	6.84%	10%	1
U.S. Treasuries	381,000,000	375,236,133	373,653,910	2.09%	11.35%	100%	766
Federal Agencies	1,385,037,000	1,383,278,152	1,372,286,712	1.83%	41.68%	75%	651
Municipal Bonds	42,000,000	42,323,890	42,231,550	2.85%	1.28%	10%	1,380
Supranationals	140,000,000	140,161,360	138,783,168	1.91%	4.22%	10%	731
Negotiable CDs	175,000,000	175,000,000	174,978,427	2.65%	5.31%	30%	74
Commercial Paper	275,000,000	271,818,396	272,618,999	2.73%	8.28%	40%	106
Corporate Notes	619,757,000	619,930,648	612,343,239	2.18%	18.60%	30%	704
Total Securities	3,299,723,722	3,289,678,300	3,268,825,726	2.11%	99.29%		555
Total Cash	23,485,125	23,485,125	23,485,125		0.71%		
Total Assets	3,323,208,846	3,313,163,425	3,292,310,851		100.00%		







Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Pooled Funds												
928989367	8940	JPM Short Term Inv Fund			514,026.21	514,026.21	514,026.21	0.001			0.001	
539995217	419	Local Agency Investment Fund			56,108,330.84	56,108,330.84	56,108,330.84	2.400			2.400	
		Subtotal and Average	**21,061,091.91**		**56,622,357.05**	**56,622,357.05**	**56,622,357.05**				**2.378**	
Negotiable CD's												
06370RLD9	15420	Bank of Montreal Chicago		09/26/2018	25,000,000.00	24,998,557.00	25,000,000.00	2.450	P-1	A-1	2.484	01/23/2019
06370RRC5	15453	Bank of Montreal Chicago		12/11/2018	25,000,000.00	24,997,930.50	25,000,000.00	2.780	P-1	A-1	2.819	04/09/2019
78012ULD5	15458	Royal Bank of Canada NY		12/14/2018	25,000,000.00	24,992,195.25	25,000,000.00	2.870	P-1	A-1	2.910	07/16/2019
86564FPD9	15461	Sumitomo Trust & Bank NY		12/18/2018	25,000,000.00	24,995,469.25	25,000,000.00	2.820	P-1	A-1	2.859	04/18/2019
89114MFR3	15418	Toronto Dominion Bank NY		09/24/2018	50,000,000.00	49,999,394.50	50,000,000.00	2.350	P-1	A-1	2.383	01/07/2019
89114MNK9	15445	Toronto Dominion Bank NY		11/29/2018	25,000,000.00	24,994,880.00	25,000,000.00	2.680	P-1	A-1	2.717	03/22/2019
		Subtotal and Average	**142,741,935.48**		**175,000,000.00**	**174,978,426.50**	**175,000,000.00**				**2.651**	
Commercial Paper - Discount												
09659KQ60	15433	BNP Parabas Finance Inc		10/30/2018	25,000,000.00	24,881,826.50	24,772,458.33	2.580	P-1	A-1	2.677	03/06/2019
09659CU22	15456	BNP New York		12/12/2018	25,000,000.00	24,634,762.50	24,601,611.11	2.840	P-1	A-1	2.963	07/02/2019
22533UNF6	15419	Credit Agricole NY		09/24/2018	25,000,000.00	24,974,562.50	24,817,944.44	2.320	P-1	A-1	2.402	01/15/2019
22533UP56	15422	Credit Agricole NY		09/28/2018	25,000,000.00	24,936,650.00	24,785,590.28	2.375	P-1	A-1	2.463	02/05/2019
25214PN66	15450	DEXIA CREDIT LOCAL SA NY		12/06/2018	25,000,000.00	24,540,833.25	24,540,833.33	2.850	P-1	A-1	2.975	07/26/2019
62479MUC5	15465	MUFG BANK LTD/NY		12/21/2018	25,000,000.00	24,611,453.50	24,601,048.61	2.830	P-1	A-1	2.952	07/12/2019
63873KS73	15421	Natixis NY		09/27/2018	25,000,000.00	24,747,323.00	24,594,541.67	2.630	P-1	A-1	2.742	05/07/2019
63873KVF1	15462	Natixis NY		12/19/2018	25,000,000.00	24,525,191.75	24,510,381.94	2.950	P-1	A-1	3.082	08/15/2019
89233HPN8	15444	Toyota Motors Credit Corp		11/28/2018	25,000,000.00	24,906,145.75	24,839,347.22	2.690	P-1	A-1	2.783	02/22/2019
62478YP85	15437	MUFG UNION BK NA		11/27/2018	50,000,000.00	49,860,250.00	49,754,638.89	2.420	P-1	A-1	2.500	02/08/2019
		Subtotal and Average	**256,419,218.86**		**275,000,000.00**	**272,618,998.75**	**271,818,395.82**				**2.730**	
Federal Agency Issues - Coupon												
3133EDVK5	13951	Federal Farm Credit Bank		11/26/2014	10,000,000.00	9,985,800.00	10,070,900.00	1.750	Aaa	AA	1.579	03/18/2019
3133EEHF0	14047	Federal Farm Credit Bank		01/06/2015	10,000,000.00	9,926,800.00	10,076,400.00	1.800	Aaa	AA	1.635	11/05/2019
3133EFXV4	14630	Federal Farm Credit Bank		02/04/2016	10,000,000.00	9,824,200.00	10,037,800.00	1.450	Aaa	AA	1.363	08/04/2020
3133EGCA1	14794	Federal Farm Credit Bank		06/03/2016	10,000,000.00	9,937,600.00	9,977,000.00	1.060	Aaa	AA	1.138	06/03/2019
3133EGCA1	14805	Federal Farm Credit Bank		06/03/2016	15,000,000.00	14,906,400.00	14,962,950.00	1.060	Aaa	AA	1.144	06/03/2019
3133EGXF7	14930	Federal Farm Credit Bank		10/04/2016	10,000,000.00	9,873,800.00	10,000,000.00	0.960	Aaa	AA	0.960	10/04/2019
3133EHWM1	15241	Federal Farm Credit Bank		09/01/2017	10,000,000.00	9,775,600.00	10,005,800.00	1.700	Aaa	AA	1.685	09/01/2021
3133EHVS9	15255	Federal Farm Credit Bank		09/29/2017	8,065,000.00	7,833,534.50	8,019,594.05	1.840	Aaa	AA	1.961	08/23/2022

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3133EHTS2	15259	Federal Farm Credit Bank		09/29/2017	10,000,000.00	9,738,400.00	9,980,100.00	1.900	Aaa	AA	1.943	08/03/2022
3133EHF57	15263	Federal Farm Credit Bank		10/13/2017	10,000,000.00	9,842,000.00	10,000,000.00	1.680	Aaa	AA	1.680	10/13/2020
3133EHW58	15278	Federal Farm Credit Bank		11/28/2017	10,000,000.00	9,872,500.00	9,997,970.00	1.900	Aaa	AA	1.907	11/27/2020
3133EHU84	15316	Federal Farm Credit Bank		01/03/2018	23,925,000.00	23,522,581.50	23,742,930.75	1.980	Aaa	AA	2.185	11/22/2021
3133EH6L2	15321	Federal Farm Credit Bank		01/10/2018	20,000,000.00	19,886,800.00	19,979,200.00	1.950	Aaa	AA	2.003	01/10/2020
3133EJAW9	15336	Federal Farm Credit Bank		01/29/2018	10,000,000.00	9,938,000.00	10,000,000.00	2.250	Aaa	AA	2.250	01/29/2021
3133EJHL6	15348	Federal Farm Credit Bank		03/27/2018	10,000,000.00	9,981,500.00	9,992,800.00	2.375	Aaa	AA	2.412	03/27/2020
3133EJK24	15429	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,118,300.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJK24	15430	Federal Farm Credit Bank		10/19/2018	10,000,000.00	10,118,300.00	9,994,700.00	3.000	Aaa	AA	3.019	10/19/2021
3133EJZU6	15434	Federal Farm Credit Bank		10/31/2018	15,000,000.00	15,112,350.00	14,954,850.00	2.850	Aaa	AA	2.959	09/20/2021
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	11,459,513.43	11,324,573.20	3.050	Aaa	AA	3.023	08/23/2023
3133EJWV7	15454	Federal Farm Credit Bank		12/12/2018	10,589,000.00	10,660,158.08	10,622,355.35	2.900	Aaa	AA	2.827	08/14/2023
3133EJP60	15463	Federal Farm Credit Bank		12/20/2018	15,000,000.00	15,231,900.00	15,140,100.00	3.000	Aaa	AA	2.771	05/02/2023
3130A0JR2	13993	Federal Home Loan Bank		12/15/2014	10,000,000.00	9,974,800.00	10,302,900.00	2.375	Aaa	AA	1.739	12/13/2019
3133782M2	14182	Federal Home Loan Bank		04/07/2015	10,000,000.00	9,982,400.00	10,122,000.00	1.500	Aaa	AA	1.180	03/08/2019
313379EE5	14452	Federal Home Loan Bank		09/24/2015	10,000,000.00	9,956,700.00	10,124,000.00	1.625	Aaa	AA	1.283	06/14/2019
313378QK0	14637	Federal Home Loan Bank		02/02/2016	10,000,000.00	9,989,600.00	10,216,700.00	1.875	Aaa	AA	1.161	03/08/2019
3133782M2	14638	Federal Home Loan Bank		02/02/2016	10,000,000.00	9,982,400.00	10,109,000.00	1.500	Aaa	AA	1.141	03/08/2019
313379EE5	14810	Federal Home Loan Bank		05/26/2016	15,000,000.00	14,935,050.00	15,214,650.00	1.625	Aaa	AA	1.146	06/14/2019
3130A8Y72	14903	Federal Home Loan Bank		08/29/2016	10,000,000.00	9,901,341.00	9,947,300.00	0.875	Aaa	AA	1.058	08/05/2019
3130A9EP2	14915	Federal Home Loan Bank		09/09/2016	10,000,000.00	9,881,340.00	9,991,300.00	1.000	Aaa	AA	1.029	09/26/2019
313383HU8	14934	Federal Home Loan Bank		09/30/2016	8,965,000.00	8,861,543.90	9,191,814.50	1.750	Aaa	AA	1.051	06/12/2020
3130A9TJ0	14960	Federal Home Loan Bank		11/15/2016	10,000,000.00	9,818,300.00	10,000,000.00	1.200	Aaa	AA	1.200	05/15/2020
3130A9ZV6	14971	Federal Home Loan Bank		11/30/2016	15,000,000.00	14,766,300.00	15,000,000.00	1.200	Aaa	AA	1.200	02/28/2020
3130AAE46	15017	Federal Home Loan Bank		12/13/2016	10,000,000.00	9,995,000.00	9,996,700.00	1.250	Aaa	AA	1.266	01/16/2019
3130AAGX0	15067	Federal Home Loan Bank		01/10/2017	15,000,000.00	14,835,600.00	15,000,000.00	1.830	Aaa	AA	1.830	07/10/2020
3130AAUP1	15085	Federal Home Loan Bank		03/01/2017	10,000,000.00	9,982,100.00	9,993,100.00	1.250	Aaa	AA	1.285	02/25/2019
313378J77	15107	Federal Home Loan Bank		03/30/2017	15,000,000.00	14,871,750.00	15,122,100.00	1.875	Aaa	AA	1.575	03/13/2020
3130AB3E4	15114	Federal Home Loan Bank		04/05/2017	15,000,000.00	14,792,700.00	15,053,850.00	1.750	Aaa	AA	1.644	10/05/2020
3130AB3E4	15129	Federal Home Loan Bank		04/13/2017	10,000,000.00	9,861,800.00	10,046,500.00	1.750	Aaa	AA	1.612	10/05/2020
3130AB6A9	15141	Federal Home Loan Bank		04/20/2017	20,000,000.00	19,729,600.00	20,092,000.00	1.650	Aaa	AA	1.505	07/20/2020
3130ABDX1	15167	Federal Home Loan Bank		05/25/2017	10,000,000.00	9,954,000.00	10,000,000.00	1.400	Aaa	AA	1.400	05/24/2019
313379RB7	15193	Federal Home Loan Bank		06/22/2017	10,000,000.00	9,814,000.00	10,059,200.00	1.875	Aaa	AA	1.720	06/11/2021
313383HU8	15203	Federal Home Loan Bank		06/29/2017	15,000,000.00	14,826,900.00	15,075,450.00	1.750	Aaa	AA	1.575	06/12/2020
3130A8QS5	15243	Federal Home Loan Bank		09/14/2017	10,000,000.00	9,657,600.00	9,817,000.00	1.125	Aaa	AA	1.619	07/14/2021
313383HU8	15291	Federal Home Loan Bank		12/06/2017	10,000,000.00	9,884,600.00	9,947,300.00	1.750	Aaa	AA	1.966	06/12/2020

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3130A1W95	15293	Federal Home Loan Bank		12/07/2017	10,000,000.00	9,928,300.00	10,068,400.00	2.250	Aaa	AA	2.901	06/11/2021
313383MB4	15298	Federal Home Loan Bank		12/08/2017	5,000,000.00	4,951,250.00	4,992,300.00	1.875	Aaa	AA	1.938	06/12/2020
3130ADG48	15329	Federal Home Loan Bank		01/29/2018	15,000,000.00	14,906,400.00	14,980,500.00	2.250	Aaa	AA	2.295	01/29/2021
3130ADC26	15335	Federal Home Loan Bank		01/29/2018	10,000,000.00	9,914,700.00	10,000,000.00	2.200	Aaa	AA	2.200	01/29/2021
3130ADUJ9	15345	Federal Home Loan Bank		03/16/2018	10,000,000.00	9,978,200.00	9,998,200.00	2.375	Aaa	AA	2.214	03/30/2020
3130A0XD7	15346	Federal Home Loan Bank		03/20/2018	10,000,000.00	9,959,300.00	9,957,800.00	2.375	Aaa	AA	2.523	03/12/2021
3130ADXU1	15369	Federal Home Loan Bank		04/09/2018	20,000,000.00	19,945,800.00	19,989,400.00	2.320	Aaa	AA	2.352	01/09/2020
3130ADRG9	15376	Federal Home Loan Bank		04/12/2018	15,000,000.00	15,076,950.00	15,030,300.00	2.750	Aaa	AA	2.705	03/10/2023
3130AEBM1	15396	Federal Home Loan Bank		06/27/2018	20,000,000.00	20,084,400.00	19,969,600.00	2.750	Aaa	AA	2.790	06/10/2022
3130AEVF4	15413	Federal Home Loan Bank		08/30/2018	7,000,000.00	7,024,640.00	7,000,000.00	3.050	Aaa	AA	3.050	08/28/2023
3130AFBS5	15435	Federal Home Loan Bank		11/16/2018	15,000,000.00	15,124,050.00	15,000,000.00	3.250	Aaa	AA	3.250	11/16/2022
3137EADG1	14470	Federal Home Loan Mort Corp		10/01/2015	10,000,000.00	9,968,300.00	10,213,000.00	1.750	Aaa	AA	1.154	05/30/2019
3134G8W21	14710	Federal Home Loan Mort Corp		04/08/2016	10,000,000.00	9,876,400.00	10,000,000.00	1.375	Aaa	AA	1.375	12/30/2019
3134G8YF0	14719	Federal Home Loan Mort Corp		04/28/2016	10,000,000.00	9,880,900.00	10,000,000.00	1.200	Aaa	AA	1.200	10/28/2019
3134G8YF0	14720	Federal Home Loan Mort Corp		04/28/2016	10,000,000.00	9,880,900.00	10,000,000.00	1.200	Aaa	AA	1.200	10/28/2019
3134G9BG1	14730	Federal Home Loan Mort Corp		04/18/2016	10,000,000.00	9,886,700.00	10,000,000.00	1.225	Aaa	AA	1.225	10/18/2019
3134G9DC8	14750	Federal Home Loan Mort Corp		05/10/2016	15,000,000.00	14,784,900.00	15,000,000.00	1.320	Aaa	AA	1.320	02/10/2020
3134G9PR2	14792	Federal Home Loan Mort Corp		05/26/2016	15,000,000.00	14,774,250.00	15,000,000.00	1.450	Aaa	AA	1.450	05/26/2020
3137EADZ9	14809	Federal Home Loan Mort Corp		05/24/2016	10,000,000.00	9,962,700.00	9,999,500.00	1.125	Aaa	AA	1.101	04/15/2019
3134G9SB4	14832	Federal Home Loan Mort Corp		06/22/2016	10,000,000.00	9,974,300.00	10,000,000.00	1.250	Aaa	AA	1.250	03/22/2019
3134GABZ6	14899	Federal Home Loan Mort Corp		08/25/2016	10,000,000.00	9,847,700.00	10,000,000.00	1.250	Aaa	AA	1.250	02/25/2020
3137EAEB1	14922	Federal Home Loan Mort Corp		09/27/2016	10,000,000.00	9,904,600.00	9,974,500.00	0.875	Aaa	AA	0.967	07/19/2019
3134G3A83	14923	Federal Home Loan Mort Corp		09/27/2016	5,000,000.00	4,958,400.00	5,059,700.00	1.400	Aaa	AA	0.982	08/23/2019
3134G43Q9	14947	Federal Home Loan Mort Corp		10/21/2016	6,737,000.00	6,645,983.13	6,830,374.82	1.550	Aaa	AA	1.150	05/08/2020
3134GAVB7	14959	Federal Home Loan Mort Corp		11/10/2016	15,000,000.00	14,766,600.00	15,000,000.00	1.180	Aaa	AA	1.180	02/10/2020
3137EADR7	15018	Federal Home Loan Mort Corp		12/13/2016	10,000,000.00	9,845,600.00	9,938,800.00	1.375	Aaa	AA	1.561	05/01/2020
3134GBEK4	15099	Federal Home Loan Mort Corp		03/29/2017	20,000,000.00	19,696,000.00	20,000,000.00	1.850	Aaa	AA	1.850	03/29/2021
3137EADR7	15117	Federal Home Loan Mort Corp		04/05/2017	15,000,000.00	14,768,400.00	14,925,450.00	1.375	Aaa	AA	1.541	05/01/2020
3134GA7A6	15147	Federal Home Loan Mort Corp		04/25/2017	15,000,000.00	14,880,150.00	15,000,000.00	1.500	Aaa	AA	1.500	09/09/2019
3134GBGG1	15149	Federal Home Loan Mort Corp		04/26/2017	20,000,000.00	19,865,200.00	20,000,000.00	1.500	Aaa	AA	1.691	07/26/2019
3134GBHQ8	15153	Federal Home Loan Mort Corp		04/27/2017	10,000,000.00	9,859,300.00	10,000,000.00	1.700	Aaa	AA	1.434	07/27/2020
3134GBJM5	15158	Federal Home Loan Mort Corp		05/03/2017	20,000,000.00	19,603,000.00	20,000,000.00	1.910	Aaa	AA	1.910	05/03/2022
3134G9S24	15198	Federal Home Loan Mort Corp		06/27/2017	25,000,000.00	24,516,000.00	25,042,000.00	1.750	Aaa	AA	1.707	07/26/2021
3134GSGR0	15344	Federal Home Loan Mort Corp		03/15/2018	20,000,000.00	19,985,200.00	20,000,000.00	2.600	Aaa	AA	2.600	09/15/2021
3134GBE81	15367	Federal Home Loan Mort Corp		04/05/2018	16,500,000.00	16,192,440.00	16,147,725.00	1.930	Aaa	AA	2.591	08/27/2021
3134GSSP1	15407	Federal Home Loan Mort Corp		07/30/2018	10,000,000.00	10,040,100.00	10,000,000.00	3.000	Aaa	AA	3.000	01/30/2023

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3134GSVD4	15412	Federal Home Loan Mort Corp		08/29/2018	5,000,000.00	5,020,750.00	4,996,250.00	3.000	Aaa	AA	3.018	02/28/2023
3134GSWS0	15417	Federal Home Loan Mort Corp		09/27/2018	10,000,000.00	10,025,100.00	10,000,000.00	3.000	Aaa	AA	3.000	09/27/2022
3134GSZH1	15425	Federal Home Loan Mort Corp		10/18/2018	15,000,000.00	15,048,000.00	15,000,000.00	3.030	Aaa	AA	3.030	10/18/2021
3135G0ZE6	14506	Federal National Mortgage Assn		11/09/2015	10,000,000.00	9,963,500.00	10,105,100.00	1.750	Aaa	AA	1.450	06/20/2019
3135G0ZY2	14583	Federal National Mortgage Assn		12/24/2015	10,000,000.00	9,919,500.00	10,044,600.00	1.750	Aaa	AA	1.632	11/26/2019
3135G0K85	14818	Federal National Mortgage Assn		06/13/2016	10,000,000.00	9,949,400.00	10,000,000.00	1.400	Aaa	AA	1.400	06/13/2019
3136G3P25	14893	Federal National Mortgage Assn		08/12/2016	10,000,000.00	9,918,500.00	10,000,000.00	1.125	Aaa	AA	1.125	07/26/2019
3135G0J53	14902	Federal National Mortgage Assn		08/29/2016	10,000,000.00	9,977,700.00	10,017,200.00	1.000	Aaa	AA	0.930	02/26/2019
3135G0D75	14924	Federal National Mortgage Assn		09/27/2016	10,000,000.00	9,853,700.00	10,165,800.00	1.500	Aaa	AA	1.046	06/22/2020
3136G34L6	14929	Federal National Mortgage Assn		09/29/2016	12,440,000.00	12,313,609.60	12,440,000.00	1.125	Aaa	AA	1.125	09/06/2019
3135G0D75	14946	Federal National Mortgage Assn		10/21/2016	5,000,000.00	4,926,850.00	5,067,900.00	1.500	Aaa	AA	1.121	06/22/2020
3135G0D75	14954	Federal National Mortgage Assn		10/27/2016	10,000,000.00	9,853,700.00	10,125,500.00	1.500	Aaa	AA	1.148	06/22/2020
3135G0D75	14974	Federal National Mortgage Assn		11/10/2016	10,000,000.00	9,853,700.00	10,093,400.00	1.500	Aaa	AA	1.235	06/22/2020
3136G4GN7	14977	Federal National Mortgage Assn		11/22/2016	9,500,000.00	9,333,750.00	9,500,000.00	1.250	Aaa	AA	1.250	05/22/2020
3136G4GS6	14978	Federal National Mortgage Assn		11/30/2016	10,000,000.00	9,791,700.00	10,000,000.00	1.430	Aaa	AA	1.430	11/30/2020
3136G4HN6	14985	Federal National Mortgage Assn		11/30/2016	20,000,000.00	19,581,200.00	20,000,000.00	1.800	Aaa	AA	1.800	05/26/2021
3136G4HP1	14986	Federal National Mortgage Assn		12/01/2016	15,000,000.00	14,655,150.00	15,000,000.00	1.750	Aaa	AA	1.750	06/01/2021
3136G4GU1	15000	Federal National Mortgage Assn		12/02/2016	10,000,000.00	9,888,700.00	9,967,000.00	1.400	Aaa	AA	1.514	11/25/2019
3136G3K53	15001	Federal National Mortgage Assn		12/02/2016	10,000,000.00	9,921,100.00	9,949,100.00	1.260	Aaa	AA	1.460	08/02/2019
3135G0D75	15008	Federal National Mortgage Assn		12/08/2016	10,000,000.00	9,853,700.00	9,979,400.00	1.500	Aaa	AA	1.560	06/22/2020
3135G0N82	15011	Federal National Mortgage Assn		12/09/2016	10,000,000.00	9,683,800.00	9,727,200.00	1.250	Aaa	AA	1.862	08/17/2021
3136G3J97	15034	Federal National Mortgage Assn		12/21/2016	10,000,000.00	9,921,100.00	9,922,500.00	1.260	Aaa	AA	1.569	08/02/2019
3136G4JN4	15047	Federal National Mortgage Assn		12/29/2016	10,000,000.00	9,880,500.00	10,000,000.00	1.700	Aaa	AA	1.699	06/29/2020
3136G4JP9	15052	Federal National Mortgage Assn		12/29/2016	10,000,000.00	9,796,200.00	10,000,000.00	1.910	Aaa	AA	1.910	06/29/2021
3135G0S38	15191	Federal National Mortgage Assn		06/22/2017	15,000,000.00	14,773,648.50	15,117,000.00	2.000	Aaa	AA	1.820	01/05/2022
3135G0T60	15277	Federal National Mortgage Assn		11/21/2017	10,000,000.00	9,834,700.00	9,903,500.00	1.500	Aaa	AA	1.869	07/30/2020
3135G0T78	15304	Federal National Mortgage Assn		12/12/2017	10,000,000.00	9,811,000.00	9,901,300.00	2.000	Aaa	AA	2.217	10/05/2022
3135G0U27	15377	Federal National Mortgage Assn		04/13/2018	20,000,000.00	19,987,016.00	19,970,200.00	2.500	Aaa	AA	2.552	04/13/2021
3136G4RX3	15387	Federal National Mortgage Assn		04/26/2018	10,000,000.00	10,000,900.00	10,000,000.00	2.750	Aaa	AA	2.750	10/26/2021
3136G4TB9	15400	Federal National Mortgage Assn		06/28/2018	15,000,000.00	15,009,466.50	15,000,000.00	2.780	Aaa	AA	2.780	06/28/2021
3135G0U43	15440	Federal National Mortgage Assn		11/28/2018	10,000,000.00	10,117,700.00	9,942,300.00	2.875	Aaa	AA	3.005	09/12/2023
880591EN8	15457	Tennessee Valley Authority		12/13/2018	15,000,000.00	14,600,700.00	14,471,550.00	1.875	Aaa	AA	2.893	08/15/2022
		Subtotal and Average	**1,368,843,106.93**		**1,340,032,000.00**	**1,328,125,516.14**	**1,340,821,937.67**				**1.838**	

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Discount												
31771EAU5	14048	Financing Corp		01/07/2015	10,000,000.00	9,885,000.00	9,279,600.00		Aaa	AA	1.725	06/06/2019
313586RC5	14502	Federal National Mortgage Assn		11/05/2015	10,000,000.00	9,791,800.00	9,258,900.00		Aaa	AA	1.998	10/09/2019
313586RC5	14791	Federal National Mortgage Assn		05/19/2016	15,005,000.00	14,692,595.90	14,297,514.25	1.371	Aaa	AA	1.450	10/09/2019
313586RC5	14879	Federal National Mortgage Assn		07/14/2016	10,000,000.00	9,791,800.00	9,620,200.00	1.157	Aaa	AA	1.217	10/09/2019
		Subtotal and Average	**42,456,214.25**		**45,005,000.00**	**44,161,195.90**	**42,456,214.25**				**1.577**	
Medium Term Notes 30/360												
037833AX8	14134	Apple		03/04/2015	10,000,000.00	9,878,900.00	9,905,900.00	1.550	Aa	AA	1.750	02/07/2020
037833CB4	14910	Apple		09/06/2016	20,290,000.00	20,088,317.40	20,251,651.90	1.100	Aa	AA	1.166	08/02/2019
037833CB4	14916	Apple		09/12/2016	10,000,000.00	9,900,600.00	10,005,650.00	1.100	Aa	AA	1.080	08/02/2019
037833AR1	14956	Apple		10/31/2016	10,000,000.00	10,012,200.00	10,489,200.00	2.850	Aa	AA	1.719	05/06/2021
037833AR1	15028	Apple		12/16/2016	10,000,000.00	10,012,200.00	10,253,500.00	2.850	Aa	AA	2.240	05/06/2021
037833AQ3	15109	Apple		03/31/2017	10,000,000.00	9,978,200.00	10,115,000.00	2.100	Aa	AA	1.540	05/06/2019
037833BD1	15197	Apple		06/27/2017	10,000,000.00	9,905,400.00	10,070,200.00	2.000	Aa	AA	1.747	05/06/2020
037833BS8	15288	Apple		12/05/2017	10,000,000.00	9,882,800.00	10,021,000.00	2.250	Aa	AA	2.182	02/23/2021
037833DE7	15356	Apple		04/03/2018	10,000,000.00	9,704,100.00	9,724,200.00	2.400	Aa	AA	3.023	01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	13,585,740.00	13,519,520.00	2.400	Aa	AA	3.218	01/13/2023
084670BL1	13960	Berkshire Hathaway		12/02/2014	5,000,000.00	4,975,850.00	5,067,350.00	2.100	Aa	AA	1.800	08/14/2019
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	12,974,582.72	13,006,663.02	3.000	Aa	AA	3.156	02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,382,844.80	8,324,809.20	3.000	Aa	AA	3.412	02/11/2023
19416QEF3	14360	Colgate-Palmolive		07/14/2015	10,000,000.00	9,976,700.00	10,039,800.00	1.750	Aa	AA	1.638	03/15/2019
166764AY6	15111	Chevron Corp		04/03/2017	10,277,000.00	10,182,451.60	10,381,517.09	2.419	Aa	AA	2.125	11/17/2020
166764BH2	15134	Chevron Corp		04/18/2017	5,000,000.00	4,973,000.00	4,995,000.00	1.561	Aa	AA	1.610	05/16/2019
36962G4R2	14973	General Electric Cos-MTN		11/15/2016	10,000,000.00	9,985,800.00	10,978,600.00	4.375	Baa	BBB	1.962	09/16/2020
36962G4D3	15097	General Electric Cos-MTN		03/21/2017	10,000,000.00	10,107,700.00	10,985,300.00	6.000	Baa	BBB	2.179	08/07/2019
459200JE2	14680	IBM		03/16/2016	10,000,000.00	9,957,700.00	10,048,200.00	1.800	A	A	1.642	05/17/2019
459200HT1	14812	IBM		05/27/2016	10,000,000.00	9,987,400.00	10,175,800.00	1.950	A	A	1.287	02/12/2019
459200JE2	15135	IBM		04/18/2017	5,000,000.00	4,978,850.00	5,027,500.00	1.800	A	A	1.530	05/17/2019
478160CD4	15352	Johnson & Johnson		03/28/2018	18,135,000.00	17,690,148.45	17,732,765.70	2.250	Aaa	AAA	2.850	03/03/2022
48125LRG9	14949	J.P. Morgan & Co,, Inc.		10/24/2016	10,000,000.00	9,908,000.00	10,051,100.00	1.650	Aa	A	1.470	09/23/2019
191216BT6	14494	Coca Cola		11/03/2015	10,000,000.00	9,828,700.00	9,955,100.00	1.875	Aa	A	1.970	10/27/2020
191216BV1	15031	Coca Cola		12/20/2016	7,070,000.00	7,031,115.00	7,028,569.80	1.375	Aa	A	1.620	05/30/2019
191216BY5	15144	Coca Cola		04/24/2017	16,063,000.00	15,574,363.54	15,823,821.93	1.550	Aa	A	1.908	09/01/2021
191216CF5	15200	Coca Cola		06/29/2017	10,000,000.00	9,766,702.00	10,051,900.00	2.200	Aa	A	2.088	05/25/2022
191216BY5	15379	Coca Cola		04/17/2018	7,607,000.00	7,375,595.06	7,299,905.41	1.550	Aa	A	2.813	09/01/2021

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Medium Term Notes 30/360												
594918BV5	15124	Microsoft Corp		04/11/2017	10,000,000.00	9,927,400.00	10,051,500.00	1.850	Aaa	AAA	1.662	02/06/2020
594918BN3	15235	Microsoft Corp		08/28/2017	11,474,000.00	11,359,833.70	11,390,010.32	1.100	Aaa	AAA	1.483	08/08/2019
594918BP8	15426	Microsoft Corp		10/18/2018	14,610,000.00	14,193,176.70	14,013,327.60	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15427	Microsoft Corp		10/18/2018	1,718,000.00	1,668,985.46	1,647,390.20	1.550	Aaa	AAA	3.090	08/08/2021
594918BP8	15428	Microsoft Corp		10/18/2018	5,000,000.00	4,857,350.00	4,795,800.00	1.550	Aaa	AAA	3.080	08/08/2021
594918BP8	15451	Microsoft Corp		12/10/2018	7,778,000.00	7,556,093.66	7,494,647.46	1.550	Aaa	AAA	2.984	08/08/2021
66989HAM0	15187	Novartis		06/21/2017	10,000,000.00	9,778,488.00	10,125,400.00	2.400	Aa	AA	2.129	05/17/2022
66989HAM0	15201	Novartis		06/30/2017	16,980,000.00	16,603,872.62	17,112,444.00	2.400	Aa	AA	2.230	05/17/2022
742718EN5	15385	Proctor & Gamble		04/23/2018	10,000,000.00	9,821,300.00	9,743,971.94	1.850	Aa	AA	2.815	02/02/2021
742718EQ8	15401	Proctor & Gamble		06/29/2018	9,127,000.00	8,893,257.53	8,785,193.85	1.700	Aa	AA	2.882	11/03/2021
742718DY2	15406	Proctor & Gamble		07/18/2018	20,000,000.00	19,689,200.00	19,528,000.00	2.300	Aa	AA	3.006	02/06/2022
742718EU9	15408	Proctor & Gamble		08/16/2018	4,997,000.00	4,845,440.99	4,842,192.94	2.150	Aa	AA	2.980	08/11/2022
742718EU9	15410	Proctor & Gamble		08/23/2018	5,686,000.00	5,513,543.62	5,515,021.98	2.150	Aa	AA	2.959	08/11/2022
89236TBP9	14611	Toyota Motors Credit Corp		01/20/2016	10,000,000.00	9,946,200.00	10,098,100.00	2.125	Aa	AA	1.834	07/18/2019
89236TCU7	14689	Toyota Motors Credit Corp		03/28/2016	10,359,000.00	10,339,835.85	10,433,791.98	1.700	Aa	AA	1.444	02/19/2019
89236TCU7	14765	Toyota Motors Credit Corp		04/29/2016	10,000,000.00	9,981,500.00	10,102,300.00	1.700	Aa	AA	1.327	02/19/2019
89233P4S2	15301	Toyota Motors Credit Corp		12/11/2017	10,196,000.00	10,484,546.80	10,789,101.32	4.250	Aa	AA	2.285	01/11/2021
89236TCF0	15338	Toyota Motors Credit Corp		02/05/2018	12,972,000.00	12,821,784.24	12,915,571.80	2.150	Aa	AA	2.363	03/12/2020
89236TCZ6	15341	Toyota Motors Credit Corp		03/06/2018	9,289,000.00	9,106,471.15	9,035,503.19	1.900	Aa	AA	2.829	04/08/2021
89236TDP7	15411	Toyota Motors Credit Corp		08/29/2018	10,000,000.00	9,831,448.00	9,834,800.00	2.600	Aa	AA	3.120	01/11/2022
89233P5T9	15414	Toyota Motors Credit Corp		09/07/2018	5,729,000.00	5,745,384.94	5,757,759.58	3.300	Aa	AA	3.140	01/12/2022
90331HML4	14857	US Bank		06/28/2016	10,770,000.00	10,690,571.25	11,030,310.90	2.125	A	AA	1.380	10/28/2019
90331HML4	14858	US Bank		06/28/2016	10,000,000.00	9,926,250.00	10,239,800.00	2.125	A	AA	1.386	10/28/2019
90331HML4	14918	US Bank		09/20/2016	8,000,000.00	7,941,000.00	8,178,160.00	2.125	A	AA	1.390	10/28/2019
90331HNB5	15131	US Bank		04/17/2017	10,000,000.00	9,906,600.00	10,062,600.00	2.000	A	AA	1.767	01/24/2020
90331HNB5	15192	US Bank		06/22/2017	10,750,000.00	10,649,595.00	10,800,095.00	2.000	A	AA	1.815	01/24/2020
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,371,975.00	7,499,625.00	2.850	A	AA	2.851	01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	9,829,300.00	9,998,100.00	2.850	A	AA	2.854	01/23/2023
94988J5D5	14814	Wells Fargo Bank		06/02/2016	10,000,000.00	9,949,200.00	10,037,400.00	1.750	Aa	AA	1.621	05/24/2019
94988J5D5	14833	Wells Fargo Bank		06/22/2016	10,000,000.00	9,949,200.00	10,097,800.00	1.750	Aa	AA	1.407	05/24/2019
94988J5D5	14891	Wells Fargo Bank		08/08/2016	11,826,000.00	11,765,923.92	12,005,755.20	1.750	Aa	AA	1.195	05/24/2019
94988J5R4	15443	Wells Fargo Bank		11/30/2018	15,000,000.00	14,936,550.00	14,788,050.00	3.550	Aa	A	3.880	08/14/2023
30231GAV4	15342	Exxon-Mobil		03/07/2018	10,000,000.00	9,856,000.00	9,851,600.00	2.222	Aaa	AA	2.748	03/01/2021
		Subtotal and Average	**620,233,382.03**		**619,757,000.00**	**612,343,239.00**	**619,930,648.31**				**2.180**	

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
StoneCastle - FICA												
104791305790	13942	StoneCastle			0.00	0.00	0.00	1.580			1.580	
		Subtotal and Average	**0.00**		**0.00**	**0.00**	**0.00**				**0.000**	
CAMP												
CAMP	14800	CAMP			225,307,364.48	225,307,364.48	225,307,364.48	2.460		AAA	2.460	
		Subtotal and Average	**235,283,083.18**		**225,307,364.48**	**225,307,364.48**	**225,307,364.48**				**2.460**	
Treasury Securities - Coupon												
912828XH8	15090	U S Treasury Note		03/13/2017	10,000,000.00	9,864,800.00	9,957,812.50	1.625	Aaa	AA	1.757	06/30/2020
912828T67	15204	U S Treasury Note		06/29/2017	20,000,000.00	19,332,800.00	19,587,500.00	1.250	Aaa	AA	1.746	10/31/2021
912828P87	15233	U S Treasury Note		08/25/2017	10,000,000.00	9,711,300.00	9,847,656.25	1.125	Aaa	AA	1.572	02/28/2021
912828D72	15247	U S Treasury Note		09/21/2017	20,000,000.00	19,751,600.00	20,234,375.00	2.000	Aaa	AA	1.691	08/31/2021
912828T67	15257	U S Treasury Note		09/29/2017	10,000,000.00	9,666,400.00	9,790,625.00	1.250	Aaa	AA	1.783	10/31/2021
912828R77	15261	U S Treasury Note		10/05/2017	10,000,000.00	9,743,000.00	9,866,406.25	1.375	Aaa	AA	1.754	05/31/2021
912828S76	15262	U S Treasury Note		10/05/2017	10,000,000.00	9,662,100.00	9,761,328.13	1.125	Aaa	AA	1.774	07/31/2021
912828XH8	15274	U S Treasury Note		11/07/2017	10,000,000.00	9,864,800.00	9,981,640.63	1.625	Aaa	AA	1.696	06/30/2020
912828N89	15284	U S Treasury Note		11/30/2017	10,000,000.00	9,770,700.00	9,833,593.75	1.375	Aaa	AA	1.919	01/31/2021
912828P87	15285	U S Treasury Note		11/30/2017	20,000,000.00	19,422,600.00	19,495,312.50	1.125	Aaa	AA	1.930	02/28/2021
912828L32	15287	U S Treasury Note		12/04/2017	20,000,000.00	19,622,600.00	19,752,343.75	1.375	Aaa	AA	1.841	08/31/2020
912828P87	15290	U S Treasury Note		12/06/2017	20,000,000.00	19,422,600.00	19,453,125.00	1.125	Aaa	AA	2.003	02/28/2021
912828L32	15307	U S Treasury Note		12/14/2017	20,000,000.00	19,622,600.00	19,739,062.50	1.375	Aaa	AA	1.871	08/31/2020
912828L32	15308	U S Treasury Note		12/19/2017	15,000,000.00	14,716,950.00	14,793,750.00	1.375	Aaa	AA	1.900	08/31/2020
912828T67	15311	U S Treasury Note		12/20/2017	10,000,000.00	9,666,400.00	9,683,203.13	1.250	Aaa	AA	2.108	10/31/2021
912828R77	15312	U S Treasury Note		12/20/2017	15,000,000.00	14,614,500.00	14,658,984.38	1.375	Aaa	AA	2.062	05/31/2021
912828R77	15318	U S Treasury Note		01/04/2018	10,000,000.00	9,743,000.00	9,767,968.75	1.375	Aaa	AA	2.085	05/31/2021
912828S76	15319	U S Treasury Note		01/04/2018	10,000,000.00	9,662,100.00	9,665,625.00	1.125	Aaa	AA	2.101	07/31/2021
912828XM7	15326	U S Treasury Note		01/22/2018	20,000,000.00	19,716,400.00	19,752,343.75	1.625	Aaa	AA	2.131	07/31/2020
912828XR6	15339	U S Treasury Note		02/02/2018	10,000,000.00	9,762,500.00	9,693,750.00	1.750	Aaa	AA	2.501	05/31/2022
912828F21	15371	U S Treasury Note		04/10/2018	11,000,000.00	10,895,610.00	10,862,500.00	2.125	Aaa	AA	2.503	09/30/2021
912828WY2	15372	U S Treasury Note		04/10/2018	10,000,000.00	9,944,500.00	9,926,562.50	2.250	Aaa	AA	2.482	07/31/2021
912828K58	15383	U S Treasury Note		04/19/2018	20,000,000.00	19,692,200.00	19,575,000.00	1.375	Aaa	AA	2.454	04/30/2020
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	10,109,000.00	9,986,718.75	2.750	Aaa	AA	2.779	05/31/2023
912828X96	15409	U S Treasury Note		08/22/2018	5,000,000.00	4,928,900.00	4,908,398.44	1.500	Aaa	AA	2.588	05/15/2020
912828NT3	15452	U S Treasury Note		12/10/2018	10,000,000.00	10,014,100.00	9,977,734.38	2.625	Aaa	AA	2.760	08/15/2020
912828Y46	15455	U S Treasury Note		12/12/2018	10,000,000.00	10,012,100.00	9,975,781.25	2.625	Aaa	AA	2.776	07/31/2020

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
December 31, 2018

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Treasury Securities - Coupon												
9128282B5	15464	U S Treasury Note		12/21/2018	25,000,000.00	24,717,750.00	24,707,031.25	0.750	Aaa	AA	2.573	08/15/2019
		Subtotal and Average	**352,859,557.74**		**381,000,000.00**	**373,653,910.00**	**375,236,132.84**				**2.089**	
Municipal Bonds												
13063DDF2	15323	California State Controller		01/08/2018	10,000,000.00	9,894,100.00	10,004,600.00	2.500	Aa	AA	2.489	10/01/2022
13063DAC2	15378	California State Controller		04/17/2018	5,000,000.00	4,976,700.00	4,989,350.00	2.625	Aa	AA	2.700	04/01/2021
13063DGA0	15386	California State Controller		04/25/2018	6,000,000.00	5,994,720.00	6,000,240.00	2.800	Aa	AA	2.867	04/01/2021
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	21,366,030.00	21,329,700.00	3.400	Aa	AA	3.051	08/01/2023
		Subtotal and Average	**42,323,890.00**		**42,000,000.00**	**42,231,550.00**	**42,323,890.00**				**2.851**	
Supranationals												
4581X0CH9	14633	INTER AMERICAN DEV BANK		02/03/2016	10,000,000.00	9,925,700.00	10,148,500.00	1.750	Aaa	AAA	1.337	10/15/2019
4581X0CP1	14933	INTER AMERICAN DEV BANK		09/30/2016	5,000,000.00	4,946,500.00	5,131,100.00	1.875	Aaa	AAA	1.151	06/16/2020
4581X0CX4	15126	INTER AMERICAN DEV BANK		04/12/2017	20,000,000.00	19,743,600.00	19,952,600.00	1.625	Aaa	AAA	1.704	05/12/2020
4581X0DB1	15384	INTER AMERICAN DEV BANK		04/19/2018	10,000,000.00	10,009,900.00	9,987,060.00	2.625	Aaa	AAA	2.670	04/19/2021
45905URH9	14056	International Bank for Reconst		01/16/2015	10,000,000.00	9,995,900.00	10,000,000.00	1.350	Aaa	AAA	1.350	01/16/2019
459058EV1	14804	International Bank for Reconst		05/25/2016	10,000,000.00	9,922,300.00	10,017,300.00	1.250	Aaa	AAA	1.194	07/26/2019
45905UXS8	14951	International Bank for Reconst		10/27/2016	10,000,000.00	9,710,100.00	9,920,600.00	1.200	Aaa	AAA	1.400	12/01/2020
45905UB86	15036	International Bank for Reconst		12/22/2016	10,000,000.00	9,780,100.00	10,000,000.00	1.870	Aaa	AAA	1.870	06/22/2021
45905UC36	15045	International Bank for Reconst		12/28/2016	10,000,000.00	9,824,079.00	10,000,000.00	2.000	Aaa	AAA	2.000	09/28/2021
45905UF74	15138	International Bank for Reconst		04/19/2017	10,000,000.00	9,827,100.00	10,000,000.00	1.770	Aaa	AAA	1.770	10/19/2020
459058EW9	15239	International Bank for Reconst		08/30/2017	10,000,000.00	9,802,212.50	9,985,000.00	1.625	Aaa	AAA	1.669	03/09/2021
45905UW59	15415	International Bank for Reconst		09/13/2018	10,000,000.00	10,005,569.00	9,997,000.00	3.050	Aaa	AAA	3.061	09/13/2021
459058GL1	15448	International Bank for Reconst		12/05/2018	15,000,000.00	15,290,107.50	15,022,200.00	3.000	Aaa	AAA	2.966	09/27/2023
		Subtotal and Average	**138,223,011.61**		**140,000,000.00**	**138,783,168.00**	**140,161,360.00**				**1.910**	
		Total and Average	**3,291,223,559.19**		**3,299,723,721.53**	**3,268,825,725.82**	**3,289,678,300.42**				**2.113**	

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this appendix has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Series 2019 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Series 2019 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, 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 the Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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 the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the

event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

BAM

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer