NEW ISSUES – BOOK-ENTRY ONLY

RATING: Moody's: "Aaa"
(See "MISCELLANEOUS – Rating.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, and subject to the satisfaction of certain conditions and to the occurrence of certain events described hereunder under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds," interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$41,340,000
MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

$3,365,000
MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(FORWARD DELIVERY)

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

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page shall have the meanings given such terms herein.

The Menlo Park City School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the "**2019 Bonds**" or the "**Taxable Bonds**") are being issued by the District to (i) refund, on an advance basis, a portion of the District's outstanding 2012 General Obligation Refunding Bonds (the "**2012 Bonds**"), (ii) refund, on an advance basis, a portion of the District's outstanding General Obligation Bonds (Election of 2013), Series 2014 (the "**2014 Bonds**") and (iii) pay costs of issuance of the 2019 Bonds. The 2019 Bonds are being issued pursuant to the laws of the State, a resolution adopted by the Board of Education of the District on August 29, 2019 (the "**Resolution**"), and a paying agent agreement, dated as of October 1, 2019 (the "**2019 Paying Agent Agreement**"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "**Paying Agent**"), and acknowledged by the Treasurer-Tax Collector of the County (the "**County Treasurer**").

The Menlo Park City School District 2020 General Obligation Refunding Bonds (Forward Delivery) (the "**2020 Bonds**" or the "**Tax-Exempt Bonds**" and, together with the 2019 Bonds, the "**Bonds**") are being issued by the District on a forward delivery basis to (i) refund, on a current basis, all or a portion of the District's outstanding General Obligation Bonds, Election of 2006, Series 2010 (Bank Qualified) (the "**2010 Bonds**") and (ii) pay costs of issuance of the 2020 Bonds. The 2020 Bonds are being issued pursuant to the laws of the State, the Resolution, and a paying agent agreement, dated as of April 1, 2020 (the "**2020 Paying Agent Agreement**" and, together with the 2019 Paying Agent Agreement, the "**Paying Agent Agreements**"), by and between the District and the Paying Agent, and acknowledged by the County Treasurer.

The outstanding 2010 Bonds, 2012 Bonds and 2014 Bonds to be refunded and defeased are collectively referred to herein as the "**Refunded Bonds**."

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 Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Principal of the Bonds is payable on July 1 of each year shown on the maturity schedules on the inside front cover page hereof. Interest on the 2019 Bonds is payable on January 1, 2020, and thereafter on each January 1 and July 1 to maturity. Interest on the 2020 Bonds is payable on January 1, 2021, and thereafter on each January 1 and July 1 to maturity. Payments of principal of and interest on the Bonds will be made by the Paying Agent to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest."

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

The 2019 Bonds are subject to redemption prior to maturity. The 2020 Bonds are not subject to redemption prior to maturity. See "THE BONDS – Redemption."

See Inside Cover for
Maturity Schedules

The 2019 Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is anticipated that the 2019 Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about October 8, 2019.

The 2020 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is expected that the 2020 Bonds in definitive form will be available for delivery to the Underwriter through the facilities of DTC on or about April 7, 2020, subject to the satisfaction of certain conditions. Potential investors should carefully review the information under the caption "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds." The Underwriter reserves the right to obligate investors purchasing the 2020 Bonds to execute and deliver to the Underwriter a Forward Delivery Contract, the form of which is attached hereto as Appendix G.

STIFEL

Official Statement dated September 10, 2019.

MATURITY SCHEDULES

$41,340,000
Menlo Park City School District
(County of San Mateo, California)
2019 General Obligation Refunding Bonds (Federally Taxable)

Maturity (July 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (586840)
2020	$ 940,000	1.846%	1.846%	MW7
2021	590,000	1.846	1.846	MX5
2022	600,000	1.823	1.823	MY3
2023	1,870,000	1.878	1.878	MZ0
2024	2,075,000	1.928	1.928	NA4
2025	2,295,000	2.006	2.006	NB2
2026	2,540,000	2.076	2.076	NC0
2027	3,595,000	2.214	2.214	ND8
2028	3,080,000	2.314	2.314	NE6
2029	4,365,000	2.384	2.384	NF3
2030	4,800,000	2.464	2.464	NG1
2031	1,800,000	2.564	2.564	NH9
2032	1,465,000	2.664	2.664	NJ5
2033	1,575,000	2.764	2.764	NK2
2034	1,690,000	2.814	2.814	NL0

$8,060,000 2.969% Term Bonds due July 1, 2038 – Yield* 2.969% – CUSIP No.† 586840 NM8

$3,365,000
Menlo Park City School District
(County of San Mateo, California)
2020 General Obligation Refunding Bonds (Forward Delivery)

Maturity (July 1)	Principal Amount	Interest Rate	Yield*	CUSIP No.† (586840)
2021	$575,000	5.000%	1.270%	NN6
2022	505,000	4.000	1.270	NP1
2023	810,000	4.000	1.270	NQ9
2024	315,000	5.000	1.270	NR7
2025	405,000	5.000	1.270	NS5
2026	755,000	5.000	1.310	NT3

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* Yields certified by the Underwriter. The District takes no responsibility therefor.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. 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 Underwriter, or their agents or counsel assumes responsibility for the accuracy of such numbers.

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

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

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

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

MENLO PARK CITY SCHOOL DISTRICT

Board of Education

David Ackerman
President

Vacant *Vice President/Clerk*	Stacey Jones *Member*
Sherwin Chen *Member*	Scott Saywell *Member*

District Administration

Erik Burmeister *Superintendent*	Ahmad Sheikholeslami *Chief Business and Operations Officer*

SAN MATEO COUNTY

County Administration

Sandie Arnott *Treasurer-Tax Collector*	Juan Raigoza *Auditor-Controller*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

Municipal Advisor

Keygent LLC
El Segundo, California

Paying Agent and Escrow Agent

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

Verification Agent

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

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$41,340,000 MENLO PARK CITY SCHOOL DISTRICT (County of San Mateo, California) 2019 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)	$3,365,000 MENLO PARK CITY SCHOOL DISTRICT (County of San Mateo, California) 2020 GENERAL OBLIGATION REFUNDING BONDS (FORWARD DELIVERY)

INTRODUCTION

General

This Official Statement, which includes the front and inside cover pages and appendices hereto (this "**Official Statement**"), is provided to furnish information in connection with the sale of $41,340,000 aggregate principal amount of Menlo Park City School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the "**2019 Bonds**" or the "**Taxable Bonds**") and $3,365,000 aggregate principal amount of Menlo Park City School District 2020 General Obligation Refunding Bonds (Forward Delivery) (the "**2020 Bonds**" or the "**Tax-Exempt Bonds**" and, together with the 2019 Bonds, the "**Bonds**"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificates (as defined herein) to be executed by the Menlo Park City School District (the "**District**"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure" and APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolution of the District's Board of Education (the "**Board of Education**") and the paying agent agreements providing for the issuance of the 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 Underwriter (as defined herein) or the registered owners or beneficial owners of any of the Bonds.

The District

The District was established in 1880 and is located at the southern border of the County of San Mateo (the "**County**"). The District encompasses approximately 5.7 square miles and serves parts of Menlo Park, Atherton, and unincorporated portions of the County. The District is located approximately 27 miles south of San Francisco and 20 miles northwest of San Jose, on the edge of Silicon Valley, three miles from Stanford University. The economy of the District is largely tied to the technology industry of Silicon Valley, Stanford University and related businesses, including venture capital and private equity investment funds, financial services, law firms and other professional service companies and investment companies focusing on technology. The District is also home to SRI International (formerly Stanford Research Institute) and the western regional offices of the United States Geological Survey.

The District operates three elementary schools and one middle school. Approximately 2,924 students are served in kindergarten through eighth grade. There are currently no charter schools in the District. For fiscal year 2019-20, the District has budgeted to employ approximately 340.3 full-time-equivalent ("**FTE**") employees, including 205.8 FTE certificated (credentialed teaching) staff, 112.4 FTE classified (non-teaching) staff, and 22.1 FTE management and supervisory personnel. For fiscal year 2019-20, the District has budgeted expenditures of approximately $54.4 million. Total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately $18.2 billion.

The District is governed by the Board of Education consisting of five members. The voting members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent.

Erik Burmeister joined the District as Superintendent in July 2017. Previously, Mr. Burmeister served as Assistant Superintendent of the District, and as Principal of Hillview Middle School in the District. Prior to working for the District, he was the Principal at Union Middle School in San Jose and Vice Principal at Westmont High School in Campbell. Before moving into administration, Mr. Burmeister taught high school English and Speech and Debate as well as serving as a coach, Activities Director, Dean of Students and youth leader. Mr. Burmeister has Bachelor's degrees in Secondary English-Education and Communications from Ohio University, a Master's degree in Educational Policy Analysis from Stanford University, and a Master's degree from San Jose State University where he received his administrative credential.

Mr. Ahmad Sheikholeslami joined the District in 2006 as the Director of Facility Planning and Construction. He oversaw the Measure U Bond Program for the modernization and expansion of the District's four schools. Mr. Sheikholeslami continued with the District after the completion of the Measure U Bond projects to oversee the Measure W Bond Program for the construction of a new elementary school and head the Facilities, Maintenance, and Transportation Department. Mr. Sheikholeslami holds a Bachelor's degree in Civil Engineering from the University of California, Davis and a Master's degree in Construction Management from the University of California, Berkeley. Mr. Sheikholeslami has completed the Fiscal Crisis & Management Assistance Team ("**FCMAT**") CBO Mentor program. He became the Chief Business and Operations Officer of the District in December 2014.

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

Certain Considerations Regarding Forward Delivery of the 2020 Bonds

Forward Delivery. The District anticipates that the 2020 Bonds will be issued and delivered by the District to Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**") and purchased by the Underwriter (the "**Settlement**") on or about April 7, 2020 (the "**Settlement Date**"). The following is a description of certain provisions of the Forward Delivery Bond Purchase Agreement, dated September 10, 2019, between the District and the Underwriter with respect to the 2020 Bonds (the "**2020 Purchase Contract**"). This description is not to be considered a full statement of the terms of the 2020 Purchase Contract and accordingly is qualified by reference thereto and is subject to the full text thereof.

Until such time as the 2020 Bonds are issued and delivered by the District and purchased by the Underwriter on the Settlement Date, certain information contained in this Official Statement may change in a material respect. The District agrees in the 2020 Purchase Contract to update the Official Statement, if necessary in the judgment of the Underwriter or the District, so that the Official Statement as amended or supplemented does not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided however, that the District shall be under no obligation to amend or supplement the Official Statement prior to the date of delivery of the Updated Official Statement (defined below) in connection with the completion or release of any of its regularly prepared financial statements, including but not limited to, its audited financials, unaudited financials, or any budget or interim budget reports; provided further, however, that if such regularly prepared financial statements would result in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, then the District will agree to update the Official Statement in connection with such financial statements.

Additionally, the District agrees in the 2020 Purchase Contract to prepare an updated Official Statement (the "**Updated Official Statement**"), dated a date not more than twenty-five nor less than ten days prior to the Settlement Date, which, as of such date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. When prepared, the Updated Official Statement will include information in connection with the completion or release of any of the District's regularly prepared financial statements, including but not limited to, its audited financials, unaudited financials, or any budget or interim budget reports. References under "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds" to the Official Statement as of a specific date shall mean (i) at any point in time during the period from the date of this Official Statement to but not including the date of delivery of the Updated Official Statement to the Underwriter, this Official Statement, and (ii) from and after the date of delivery of the Updated Official Statement, the Updated Official Statement, in each case as amended or supplemented.

Conditions of Settlement. The issuance and purchase of the 2020 Bonds on the Settlement Date are subject to the satisfaction of certain conditions set forth in the 2020 Purchase Contract, including, among other things, the delivery to the Underwriter of certain documents and legal opinions on and as of the Closing Date and certain additional documents and legal opinions, and the satisfaction of other conditions, on and as of the Settlement Date, including the delivery to the Underwriter of: (i) an opinion of Bond Counsel, substantially in the form and to the effect set forth in APPENDIX C relating to the 2020 Bonds, (ii) the Updated Official Statement, and (iii) written evidence satisfactory to the Underwriter that, as of the Settlement Date, Moody's Investors Service ("**Moody's**") has rated the 2020 Bonds. Changes or proposed changes in federal or state laws, court decisions, regulations or proposed regulations or rulings of administrative agencies occurring or in effect prior to the Settlement Date or the failure by the District to provide closing documents of the type customarily required in connection with the issuance of state and local government tax-exempt bonds could prevent those conditions from being satisfied. None of the 2020 Bonds will be issued unless all of the 2020 Bonds are issued and delivered on the Settlement Date.

Termination of 2020 Purchase Contract. The Underwriter has the right, between the date of the 2020 Purchase Contract and the Settlement Date, by written notice to the District, to cancel the Underwriter's obligation to purchase the 2020 Bonds if, in the Underwriter's sole and reasonable judgment, any of the following events occur during that time and cause the market price or marketability of the 2020 Bonds, or the ability of the Underwriter to enforce contracts for the sale of the 2020 Bonds, to be materially adversely affected:

- There shall have been a Change in Law. A "Change in Law" means (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts or by federal or state agencies, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies; (ii) any legislation enacted by the Congress of the United States (if such enacted legislation has an effective date which is on or before the Settlement Date); (iii) any law, rule or regulation enacted by any governmental body, department or agency (if such enacted law, rule or regulation has an effective date which is on or before the Settlement Date); or (iv) any judgment, ruling or order issued by any court or administrative body, which in any such case would, (A) as to the Underwriter, prohibit the Underwriter from completing the underwriting of the 2020 Bonds or selling the 2020 Bonds or beneficial ownership interests therein to the public, or (B) as to the District, would make the completion of the issuance, sale or delivery of the 2020 Bonds illegal.

- As a result of any legislation, regulation, ruling, order, release, court decision or judgment or action by the U.S. Department of the Treasury, the Internal Revenue Service, or any agency of the State either enacted, issued, effective, adopted or proposed (but only with respect to any such proposed legislation, regulation, ruling, order, release, court decision or judgment or action that continues to be proposed as of the Settlement Date), or for any other reason Bond Counsel cannot issue an opinion substantially in the form of APPENDIX C hereto as to the tax-exempt status of interest on the 2020 Bonds.

- There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere.

- A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the U. S Securities and Exchange Commission ("**SEC**") or any other governmental authority having jurisdiction.

- A general banking moratorium has been declared by federal, New York or State authorities and shall remain in effect.

- Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the 2020 Bonds, or any comparable securities of the District, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939 or otherwise, or would be in violation of any provision of the federal securities laws.

- Any event or circumstance exists that either makes untrue or incorrect, in a material respect, any statement or information contained in the Official Statement, or is not reflected in the Official Statement but should be reflected in the Official Statement in order to make the statements and information contained in the Official Statement not misleading in any material respect and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the 2020 Bonds or the ability of the Underwriter to enforce contracts for the sale of the 2020 Bonds; provided, however, that the District shall be under no obligation to amend or supplement the Official Statement prior to the date of delivery of the Updated Official Statement in connection with the completion or release of any of its regularly prepared financial statements, including but not limited to, its audited financials, unaudited financials, or any budget or interim budget reports; provided further, however, that if such regularly prepared financial statements would result in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, then the District will agree to update the Official Statement in connection with such financial statements.

- Additional material restrictions not in force as of the date of the 2020 Purchase Contract shall have been imposed upon trading in securities generally by any federal, State or New York governmental authority or by any United States national securities exchange.

- The New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the 2020 Bonds or securities of the general character of the 2020 Bonds any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by or the charge to the net capital requirements of the Underwriter.

- The District does not deliver a certification as of the Settlement Date to the effect that (A) the evidence of the ratings on the 2020 Bonds delivered at and as of the Closing Date remains accurate or (B) the ratings on the 2020 Bonds at and as of the Settlement Date are as stated in such certification.

Forward Delivery Contract. The Underwriter reserves the right to obligate investors purchasing the 2020 Bonds to execute a Forward Delivery Contract (the "**Forward Delivery Contract**") in substantially the form set forth in APPENDIX G. The Forward Delivery Contract provides that the purchaser will remain obligated to purchase the 2020 Bonds, even if the purchaser decides to sell the purchased bonds following the date of the Forward Delivery Contract. ***The District will not be a party to any Forward Delivery Contract, and the District is not in any way responsible for the performance thereof or for any representations or warranties contained therein.*** The rights and obligations under the 2020 Purchase Contract are not conditioned or dependent upon the performance of any Forward Delivery Contract.

Additional Risks Relating to Forward Delivery Period. Between the date of the 2020 Purchase Contract and the Settlement Date (the "**Forward Delivery Period**"), certain information contained in this Official Statement may change in material respects. Any changes in such information will not permit the Underwriter to terminate the

2020 Purchase Contract or release the purchasers of their obligation to purchase the 2020 Bonds unless the change reflects an event described under "– *Termination of 2020 Purchase Contract*" above. In addition to the risks set forth above, purchasers of the 2020 Bonds are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the 2020 Bonds on the Settlement Date will not be different from those currently assigned to the 2020 Bonds. Issuance of the 2020 Bonds and the Underwriter's obligations under the 2020 Purchase Contract are not conditioned upon the assignment of any particular ratings for the 2020 Bonds or the maintenance of the initial ratings of the 2020 Bonds.

Secondary Market Risk. The Underwriter is not obligated to make a secondary market for the 2020 Bonds, and no assurance can be given that a secondary market will exist for the 2020 Bonds during the Forward Delivery Period or at any time thereafter. Prospective purchasers of the 2020 Bonds should assume that there will be no secondary market for the 2020 Bonds during the Forward Delivery Period.

Market Value Risk. The market value of the 2020 Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the financial condition of the District and the State, and federal and state tax, securities and other laws. The market value of the 2020 Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2020 Bonds, and that difference could be substantial. Neither the District nor the Underwriter make any representations as to the expected market value of the 2020 Bonds as of the Settlement Date.

Tax Law Risk. Subject to the other conditions of Settlement and the Underwriter's rights of termination described above, the 2020 Purchase Contract obligates the District to deliver, and the Underwriter to accept, the 2020 Bonds if the District delivers an opinion of Bond Counsel substantially in the form and to the effect set forth in APPENDIX C relating to the 2020 Bonds. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations or rulings might diminish the value of, or otherwise affect, the exclusion from gross income of interest payable on "state or local bonds" (such as the 2020 Bonds) for federal income tax purposes, the District might be able to satisfy the requirements for the delivery of the 2020 Bonds. In such event, the purchasers would be required to accept delivery of the 2020 Bonds. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any such changes in tax law and the consequences of such changes to the purchasers. See "TAX MATTERS."

THE BONDS

Authority for Issuance

2019 Bonds. The 2019 Bonds are being issued by the District pursuant to the State Constitution and State laws, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "**Government Code**"), applicable provisions of the Education Code of the State (the "**Education Code**") and other applicable provisions of law. The 2019 Bonds are authorized by a resolution adopted by the Board of Education on August 29, 2019 (the "**Resolution**"), and are being issued pursuant to a paying agent agreement, dated as of October 1, 2019 (the "**2019 Paying Agent Agreement**"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "**Paying Agent**"), and acknowledged by the Treasurer-Tax Collector of the County (the "**County Treasurer**").

2020 Bonds. The 2020 Bonds are being issued by the District pursuant to the State Constitution and State laws, including Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, applicable provisions of the Education Code and other applicable provisions of law. The 2020 Bonds are authorized the Resolution, and are being issued pursuant to a paying agent agreement, dated as of April 1, 2020 (the "**2020 Paying Agent Agreement**" and, together with the 2019 Paying Agent Agreement, the "**Paying Agent Agreements**"), by and between the District and the Paying Agent, and acknowledged by the County Treasurer.

Purpose of Issuance

2019 Bonds. The 2019 Bonds will (i) refund, on an advance basis, a portion of the District's outstanding

2012 General Obligation Refunding Bonds (the "**2012 Bonds**"), (ii) refund, on an advance basis, a portion of the District's outstanding General Obligation Bonds (Election of 2013), Series 2014 (the "**2014 Bonds**") and (iii) pay costs of issuance of the 2019 Bonds.

2020 Bonds. The 2020 Bonds will (i) refund, on a current basis, a portion of the District's outstanding General Obligation Bonds, Election of 2006, Series 2010 (Bank Qualified) (the "**2010 Bonds**") and (ii) pay costs of issuance of the 2020 Bonds.

The outstanding 2010 Bonds, 2012 Bonds and 2014 Bonds to be refunded and defeased are collectively referred to herein as the "**Refunded Bonds**." See "PLAN OF REFUNDING."

Form and Registration of the Bonds

The Bonds will be dated the date of their delivery and issued in fully registered book-entry only form, in denominations of $5,000 principal amount or integral multiples thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). DTC will act as securities depository for the Bonds. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. Principal and interest will be paid by the Paying Agent to DTC, which will in turn remit such payments to its participants, for subsequent distribution to beneficial owners of the Bonds, as described herein. See APPENDIX F – "BOOK-ENTRY SYSTEM."

Payment of Principal and Interest

The Bonds will be dated the date of their delivery, and bear interest at the rates set forth on the inside cover page hereof, payable on January 1 and July 1 of each year, commencing on January 1, 2020 with respect to the 2019 Bonds and January 1, 2021 with respect to the 2020 Bonds (each, an "**Interest Payment Date**"), until payment of the principal amount thereof, computed using a year of 360 days, consisting of twelve 30-day months. 2019 Bonds authenticated and registered on any date prior to the close of business on December 15, 2019 will bear interest from the date of their delivery. 2020 Bonds authenticated and registered on any date prior to the close of business on December 15, 2020 will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (each, a "**Record Date**") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

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

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

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

Redemption

Optional Redemption of the 2019 Bonds. The 2019 Bonds maturing on or before July 1, 2029, are not subject to redemption prior to their respective stated maturity dates. The 2019 Bonds maturing on or after July 1, 2030, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after July 1, 2029, at a redemption price equal to 100% of the principal amount of 2019 Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Optional Redemption of the 2020 Bonds. The 2020 Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption of the 2019 Bonds. The $8,060,000 Term 2019 Bond maturing on July 1, 2038, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (July 1)	Principal Amount to Be Redeemed
2035	$1,810,000
2036	1,945,000
2037	2,080,000
2038†	2,225,000

† Maturity.

The principal amount to be redeemed in each year shown in the tables above will be reduced proportionately, in integral multiples of $5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date

Mandatory Sinking Fund Redemption of the 2020 Bonds. The 2020 Bonds are not subject to mandatory sinking fund redemption.

Selection of Bonds for Redemption. If less than all of the Bonds of a series are called for redemption, such Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity of any given series to be redeemed will be determined by lot. For purposes of such selection, each Bond will be deemed to consist of individual Bonds of denominations of $5,000 principal amount each, which may be separately redeemed.

Notice of Redemption. Notice of redemption of the Bonds will be given by the Paying Agent. Notice of redemption of the Bonds will be mailed postage prepaid not less than 20 nor more than 60 days prior to the date fixed for redemption (i) by first class mail to the respective owners of Bonds designated for redemption at the addresses appearing on the bond registration books of the Paying Agent, and (ii) as may be further required in accordance with the applicable Continuing Disclosure Certificate. See APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES."

Each notice of redemption shall contain all of the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the date fixed for redemption; (iv) the redemption price, if available; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds of a series are to be redeemed, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the office of the Paying Agent designated by the Paying Agent for such purpose; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

The actual receipt by the owner of any Bonds of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

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

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

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

Defeasance of Bonds

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

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

Unclaimed Moneys

Any money held in any fund created pursuant to the related Paying Agent Agreement, or held by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the 2019 Bonds or the 2020 Bonds, as applicable, and remaining unclaimed for two years after the principal of all of such series of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

PLAN OF REFUNDING

The 2019 Bonds will be issued to (i) refund and defease, on an advance basis, a portion of the outstanding 2012 Bonds on July 1, 2022 (the "**2012 Bonds Redemption Date**"), (ii) refund and defease, on an advance basis, a portion of the outstanding 2014 Bonds on July 1, 2024 (the "**2014 Bonds Redemption Date**") and (iii) pay costs of issuance of the 2019 Bonds. A portion of the proceeds from the 2019 Bonds will be deposited into the Escrow Account for the 2012 Bonds (the "**2012 Bonds Escrow Account**") and a portion of the proceeds from the 2019 Bonds will be deposited into the Escrow Account for the 2014 Bonds (the "**2014 Bonds Escrow Account**"), each to be established and maintained by The Bank of New York Mellon Trust Company, N.A., acting as escrow agent (the "**Escrow Agent**") under that certain escrow agreement, dated as of October 1, 2019 (the "**2012/2014 Bonds Escrow Agreement**"), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the 2012 Bonds and the 2014 Bonds to be refunded to the 2012 Bonds Redemption Date and the 2014 Bonds Redemption Date, respectively, and to pay the respective redemption price on the applicable redemption date. See "ESCROW VERIFICATION."

The 2020 Bonds will be issued to (i) refund and defease, on a current basis, a portion of the outstanding 2010 Bonds on July 1, 2020 (the "**2010 Bonds Redemption Date**"), and (ii) pay costs of issuance of the 2020 Bonds. A portion of the proceeds from the 2020 Bonds will be deposited into the Escrow Fund (the "**2010 Bonds Escrow Fund**") to be established and maintained by the Escrow Agent under that certain escrow agreement, dated as of April 1, 2020 (the "**2010 Bonds Escrow Agreement**"), by and between the District and the Escrow Agent. Such moneys will be used to purchase certain United States government obligations or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Agent to pay the interest due on the 2010 Bonds to be refunded to the 2010 Bonds Redemption Date and to pay the redemption price on such date. See "ESCROW VERIFICATION."

A portion of the proceeds of each series of Bonds will be retained by the Paying Agent in the respective Costs of Issuance Fund and used to pay costs associated with the issuance of the respective series of Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Bonds not needed to fund the respective Escrow Fund or Escrow Account or to pay costs of issuance of the Bonds will be transferred to the County Treasurer for deposit in the District's Interest and Sinking Fund in the County treasury, and applied only for payment of principal of and interest on outstanding bonds of the District. Amounts deposited into the Interest and Sinking Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the sole discretion of the County

Treasurer pursuant to law and the investment policy of the County. See APPENDIX E – "COUNTY OF SAN MATEO INVESTMENT POLICY AND INVESTMENT REPORT."

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

The Refunded Bonds to be refunded by the 2019 Bonds are as follows:

Menlo Park City School District
2012 General Obligation Refunding Bonds

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

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* No. (586840)
2023	$1,365,000	5.000%	JV3
2024	1,615,000	4.000	JW1
2025	1,880,000	4.000	JX9
2026	2,170,000	4.000	JY7
2027	2,490,000	5.000	JZ4
2028	2,865,000	5.000	KA7
2029	3,275,000	5.000	KB5
2030	3,730,000	5.000	KC3
2031	470,000	3.500	KD1

* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel take any responsibility for the accuracy of such numbers.

Menlo Park City School District
General Obligation Bonds (Election of 2013), Series 2014

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

Maturity Date (July 1)	Principal Amount	Interest Rate	CUSIP* No. (586840)
2027	$ 815,000	5.000%	KS8
2029	1,005,000	5.000	KU3
2030	1,120,000	5.000	KV1
2031	1,245,000	5.000	KW9
2032	1,375,000	5.000	KX7
2033	1,515,000	5.000	KY5
2038*	9,860,000	4.000	KZ2

* Term Bond

The Refunded Bonds to be refunded by the 2020 Bonds are as follows:

Menlo Park City School District
General Obligation Bonds,
(Election of 2006), Series 2010 (Bank Qualified)

Redemption Date: July 1, 2020
Redemption Price: 100%

Maturity Date (July 1)	Original Principal Amount	Maturity Value	Accretion Rate	CUSIP* No. (586840)
2021	$484,738.10	$770,000	4.15%	HL7
2022	381,740.55	655,000	4.45	HM5
2023	515,623.60	955,000	4.70	HN3
2024	201,596.85	405,000	4.95	HP8
2025	220,852.80	480,000	5.15	HQ6
2026	346,755.75	825,000	5.40	HR4
2029	133,095.15	405,000	5.86	HU7

* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel take any responsibility for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

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

	2019 Bonds	2020 Bonds	Total
Sources of Funds			
Principal Amount	$41,340,000.00	$3,365,000.00	$44,705,000.00
Original Issue Premium	-	416,948.60	416,948.60
Total Sources:	$41,340,000.00	$3,781,948.60	$45,121,948.60
Uses of Funds			
Deposit to 2010 Bonds Escrow Fund	-	$3,714,920.95	$ 3,714,920.95
Deposit to 2012 Bonds Escrow Account	$21,748,248.52	-	21,748,248.52
Deposit to 2014 Bonds Escrow Account	19,335,538.15	-	19,335,538.15
Costs of Issuance[(1)]	175,600.33	60,465.90	236,066.23
Underwriter's Discount	80,613.00	6,561.75	87,174.75
Total Uses:	$41,340,000.00	$3,781,948.60	$45,121,948.60

[(1)] Includes municipal advisor fees, bond counsel fees, disclosure counsel fees, rating agency fees, paying agent fees, escrow agent fees, verification agent fees, printing fees and other miscellaneous expenses.

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DEBT SERVICE SCHEDULES

Semi-Annual Debt Service of the Bonds

The scheduled semi-annual principal and interest payments on the Bonds, assuming no optional redemptions prior to maturity, are shown in the following table:

Period Ending	2019 Bonds Principal	2019 Bonds Interest	2020 Bonds Principal	2020 Bonds Interest	Total Semi-Annual Debt Service
1/1/2020	-	$230,980.51	-	-	$ 230,980.51
7/1/2020	$ 940,000	500,921.61	-	-	1,440,921.61
1/1/2021	-	492,245.41	-	$113,740.00	605,985.41
7/1/2021	590,000	492,245.41	$575,000	77,550.00	1,734,795.41
1/1/2022	-	486,799.71	-	63,175.00	549,974.71
7/1/2022	600,000	486,799.71	505,000	63,175.00	1,654,974.71
1/1/2023	-	481,330.70	-	53,075.00	534,405.70
7/1/2023	1,870,000	481,330.70	810,000	53,075.00	3,214,405.70
1/1/2024	-	463,771.40	-	36,875.00	500,646.40
7/1/2024	2,075,000	463,771.40	315,000	36,875.00	2,890,646.40
1/1/2025	-	443,768.40	-	29,000.00	472,768.40
7/1/2025	2,295,000	443,768.40	405,000	29,000.00	3,172,768.40
1/1/2026	-	420,749.55	-	18,875.00	439,624.55
7/1/2026	2,540,000	420,749.55	755,000	18,875.00	3,734,624.55
1/1/2027	-	394,384.35	-	-	394,384.35
7/1/2027	3,595,000	394,384.35	-	-	3,989,384.35
1/1/2028	-	354,587.70	-	-	354,587.70
7/1/2028	3,080,000	354,587.70	-	-	3,434,587.70
1/1/2029	-	318,952.10	-	-	318,952.10
7/1/2029	4,365,000	318,952.10	-	-	4,683,952.10
1/1/2030		266,921.30	-	-	266,921.30
7/1/2030	4,800,000	266,921.30	-	-	5,066,921.30
1/1/2031	-	207,785.30	-	-	207,785.30
7/1/2031	1,800,000	207,785.30	-	-	2,007,785.30
1/1/2032	-	184,709.30	-	-	184,709.30
7/1/2032	1,465,000	184,709.30	-	-	1,649,709.30
1/1/2033	-	165,195.50	-	-	165,195.50
7/1/2033	1,575,000	165,195.50	-	-	1,740,195.50
1/1/2034	-	143,429.00	-	-	143,429.00
7/1/2034	1,690,000	143,429.00	-	-	1,833,429.00
1/1/2035	-	119,650.70	-	-	119,650.70
7/1/2035	1,810,000	119,650.70	-	-	1,929,650.70
1/1/2036	-	92,781.25	-	-	92,781.25
7/1/2036	1,945,000	92,781.25	-	-	2,037,781.25
1/1/2037	-	63,907.73	-	-	63,907.73
7/1/2037	2,080,000	63,907.73	-	-	2,143,907.73
1/1/2038	-	33,030.13	-	-	33,030.13
7/1/2038	2,225,000	33,030.13	-	-	2,258,030.13
Total	$41,340,000	$10,999,901.18	$3,365,000	$593,290.00	$56,298,191.18

Combined Annual General Obligation Debt Service

The District has previously issued and currently has outstanding its General Obligation Bonds, Election of 2006, Series 2010 (Bank Qualified), its 2012 General Obligation Refunding Bonds, its General Obligation Bonds (Election of 2013), Series 2014, its 2014 General Obligation Refunding Bonds and its 2015 General Obligation Refunding Bonds. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure." The following table shows the annual debt service of all outstanding general obligation bonds, including the Bonds.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Outstanding General Obligation Bonds
Annual Debt Service

Period Ending (July 1)	Outstanding Bonds*	2019 Bonds	2020 Bonds	Aggregate Debt Service
2020	$ 5,303,850.00	$ 1,671,902.12	-	$ 6,975,752.12
2021	4,704,750.00	1,574,490.82	$766,290.00	7,045,530.82
2022	4,429,200.00	1,573,599.42	631,350.00	6,634,149.42
2023	3,155,200.00	2,832,661.40	916,150.00	6,904,011.40
2024	2,853,450.00	3,002,542.80	388,750.00	6,244,742.80
2025	2,955,900.00	3,182,536.80	463,000.00	6,601,436.80
2026	2,797,250.00	3,381,499.10	792,750.00	6,971,499.10
2027	2,411,600.00	4,383,768.70	-	6,795,368.70
2028	4,059,225.00	3,789,175.40	-	7,848,400.40
2029	3,116,775.00	5,002,904.20	-	8,119,679.20
2030	3,391,775.00	5,333,842.60	-	8,725,617.60
2031	6,706,775.00	2,215,570.60	-	8,922,345.60
2032	7,696,775.00	1,834,418.60	-	9,531,193.60
2033	8,211,775.00	1,905,391.00	-	10,117,166.00
2034	8,751,775.00	1,976,858.00	-	10,728,633.00
2035	9,321,775.00	2,049,301.40	-	11,371,076.40
2036	10,061,775.00	2,130,562.50	-	12,192,337.50
2037	10,691,175.00	2,207,815.46	-	12,898,990.46
2038	11,369,175.00	2,291,060.26	-	13,660,235.26
2039	12,080,575.00	-	-	12,080,575.00
2040	12,834,975.00	-	-	12,834,975.00
2041	13,632,575.00	-	-	13,632,575.00
2042	14,477,575.00	-	-	14,477,575.00
2043	15,923,525.00	-	-	15,923,525.00
2044	17,488,750.00	-	-	17,488,750.00
Total	$198,427,950.00	$52,339,901.18	$3,958,290.00	$254,726,141.18

* Excludes debt service on the Refunded Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

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

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the 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

Pursuant to the Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of the Bonds and the outstanding bonds of the District issued pursuant to voter approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "**District Bonds**") and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the Resolution for the benefit of the owners of the District Bonds and successors thereto. The Resolution provides that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

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

Property Taxation System

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

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

Assessed Valuation of Property Within the District

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization.

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.

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

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

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following table shows the recent history of taxable property assessed valuation in the District.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Assessed Valuation of Secured and Unsecured Property
2009-10 through 2019-20

Fiscal Year	Local Secured	Utility	Unsecured	Total	Percent Change
2009-10	$ 9,832,878,004	-	$ 179,151,464	$10,012,029,468	-
2010-11	9,918,008,918	-	178,619,979	10,096,628,897	0.84%
2011-12	10,169,308,564	-	163,373,053	10,332,681,617	2.34
2012-13	10,860,488,070	-	161,986,270	11,022,474,340	6.68
2013-14	11,771,390,623	-	174,682,113	11,946,072,736	8.38
2014-15	12,464,055,586	-	173,617,923	12,637,673,509	5.79
2015-16	13,597,296,855	-	167,852,475	13,765,149,330	8.92
2016-17	14,499,122,549	-	168,126,648	14,667,249,197	6.55
2017-18	15,671,937,283	-	175,149,822	15,847,087,105	8.04
2018-19	16,875,625,188	-	177,226,592	17,052,851,780	7.61
2019-20	18,039,374,650	-	168,956,453	18,208,331,103	6.78

Source: California Municipal Statistics, Inc. and San Mateo County.

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

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

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

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

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

The District is located in a seismically active region. Active earthquake faults underlie both the District and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area, including the San Andreas fault, the Hayward fault, and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In August 2016, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey, the California Geological Society and the Southern California Earthquake Center) issued a revised report that states there is a 72% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2043. Such earthquakes may be very destructive. Property within the District could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

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

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "**State Water Board**") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

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

Bonding Capacity. The District may not issue bonds in excess of 1.25% of the assessed valuation of taxable property within its boundaries. The District's gross bonding capacity is estimated at approximately $227.6 million, and its net bonding capacity is approximately $102.6 million, prior to the issuance of the Bonds. Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

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

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Assessed Valuation by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Atherton	$ 5,834,267,382	34.21%	$10,941,160,453	53.32%
City of Menlo Park	10,439,695,588	61.22	$18,854,253,956	55.37%
Unincorporated San Mateo County	778,888,810	4.57	$21,766,167,452	3.58%
Total District	$17,052,851,780	100.00%		
San Mateo County	$17,052,851,780	100.00%	$223,462,912,060	7.63%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial/Office	$1,347,824,216	7.99%	315	3.60%
Recreational	1,599,135	0.01	9	0.10
Government/Social/Institutional	68,213,712	0.40	58	0.66
Miscellaneous	49,750,099	0.29	42	0.48
Subtotal Non-Residential	$1,467,387,162	8.70%	424	4.84%
Residential:				
Single Family Residence	$13,738,804,293	81.41%	7,001	79.91%
Condominium/Townhouse	467,438,971	2.77	535	6.11
2-4 Residential Units	494,916,839	2.93	504	5.75
5+ Residential Units/Apartments	398,546,968	2.36	187	2.13
Hotel/Motel	54,575,236	0.32	7	0.08
Miscellaneous Residential	55,984,908	0.33	12	0.14
Subtotal Residential	$15,210,267,215	90.13%	8,246	94.12%
Vacant Parcels	$197,970,811	1.17%	91	1.04%
Total	$16,875,625,188	100.00%	8,761	100.00%

[1] Total secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Residential Properties. The following table focuses on single-family residential properties only, the value of which comprised approximately 81.41% of the assessed value of taxable property in the District in fiscal year 2018-19. The average assessed value was $1,962,406, and the median assessed value was $1,275,967.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	7,001	$13,738,804,293	$1,962,406	$1,275,967

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $199,999	773	11.041%	11.041%	$ 99,246,795	0.722%	0.722%
$200,000 - $399,999	605	8.642	19.683	176,112,052	1.282	2.004
$400,000 - $599,999	522	7.456	27.139	262,816,304	1.913	3.917
$600,000 - $799,999	451	6.442	33.581	315,661,755	2.298	6.215
$800,000 - $999,999	502	7.170	40.751	452,738,956	3.295	9.510
$1,000,000 - $1,199,999	486	6.942	47.693	534,290,530	3.889	13.399
$1,200,000 - $1,399,999	407	5.813	53.507	527,346,948	3.838	17.237
$1,400,000 - $1,599,999	436	6.228	59.734	653,144,595	4.754	21.991
$1,600,000 - $1,799,999	333	4.756	64.491	565,943,956	4.119	26.111
$1,800,000 - $1,999,999	297	4.242	68.733	563,415,916	4.101	30.212
$2,000,000 - $2,199,999	232	3.314	72.047	485,779,696	3.536	33.747
$2,200,000 - $2,399,999	214	3.057	75.104	490,615,413	3.571	37.318
$2,400,000 - $2,599,999	179	2.557	77.660	446,894,832	3.253	40.571
$2,600,000 - $2,799,999	157	2.243	79.903	423,230,840	3.081	43.652
$2,800,000 - $2,999,999	130	1.857	81.760	377,555,135	2.748	46.400
$3,000,000 - $3,199,999	96	1.371	83.131	296,212,721	2.156	48.556
$3,200,000 - $3,399,999	123	1.757	84.888	405,443,353	2.951	51.507
$3,400,000 - $3,599,999	98	1.400	86.288	341,826,030	2.488	53.995
$3,600,000 - $3,799,999	91	1.300	87.587	336,381,382	2.448	56.443
$3,800,000 - $3,999,999	78	1.114	88.702	304,000,949	2.213	58.656
$4,000,000 and greater	791	11.298	100.000	5,680,146,135	41.344	100.000
Total	7,001	100.000%		$13,738,804,293	100.000%	

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

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

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Largest Local Secured Taxpayers 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	Stanford Research Institute	Office Building	$ 181,824,110	1.08%
2.	BVK 275 Middlefield LLC	Office Building	178,755,000	1.06
3.	Richard Tod & Catherine R. Spieker	Apartments	100,423,815	0.60
4.	Willow Menlo Owner LLC	Office Building	82,388,753	0.49
5.	Real Social Good Inv LLC	Office Building	63,481,294	0.38
6.	237 Atherton Ave. LLC	Residential	58,286,271	0.35
7.	Teachers Insurance and Annuity Association of America	Office Building	53,895,445	0.32
8.	Bita Daryabari Trust	Residential	49,959,268	0.30
9.	Huwa Holding LLC	Residential	42,250,644	0.25
10.	MEC Menlo LLC, Lessee	Shopping Center	36,787,422	0.22
11.	Century Frontier Limited	Residential	35,305,000	0.21
12.	Farzad Nazem Trust	Residential	34,228,762	0.20
13.	Stanford Park Hotel, Lessee	Hotel	32,114,830	0.19
14.	S & R Star LLC	Residential	31,365,000	0.19
15.	SHP-555 Glenwood Avenue LLC	Convalescent Home	30,801,416	0.18
16.	California Water Service Co.	Water Company	30,489,621	0.18
17.	Falcon Family Holdings LLC	Residential	29,589,973	0.18
18.	Hacienda Garden Properties LLC	Apartments	29,316,448	0.17
19.	Splendid Wise Limited	Residential	28,353,560	0.17
20.	Noahs Park Place LLC	Residential	26,435,000	0.16
			$1,156,051,632	6.85%

(1) 2018-19 total secured assessed valuation: $16,875,625,188.
Source: California Municipal Statistics, Inc.

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

Tax Rates

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

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

One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The following table shows *ad valorem* property tax rates for fiscal years 2014-15 through 2018-19 in the largest tax rate area (TRA) in the District.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Typical Total Tax Rates per $100 of Assessed Valuation: TRA 8-001[(1)]

	2014-15	2015-16	2017-18	2018-19
County General	$1.0000	$1.0000	$1.0000	$1.0000
Midpeninsula Regional Open Space District	-	.0008	.0009	.0018
San Mateo Community College District	.0190	.0250	0235	.0175
Sequoia Union High School District	.0433	.0434	0383	.0365
Menlo Park City School District	.0486	.0393	.0385	.0383
City of Menlo Park	.0140	.0102	.0080	.0073
TOTAL TAX RATE	$1.1249	$1.1187	$1.1092	$1.1014

(1) 2018-19 assessed valuation of TRA 8-001 is $6,001,440,586, which comprises 35.19% of the total assessed valuation of the District.
Source: California Municipal Statistics, Inc.

Tax Collections and Delinquencies

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

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $23 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 based on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on assessments 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 records a tax lien and may seize and/or 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 shows a recent history of real property tax collections and delinquencies in the District.

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Secured Tax Charges and Delinquencies
Fiscal Years 2008-09 through 2017-18

Fiscal Year	% Delinquent June 30[1]
2008-09	1.68%
2009-10	1.54
2010-11	1.33
2011-12	1.02
2012-13	0.64
2013-14	0.55
2014-15	0.35
2015-16	0.44
2016-17	0.58
2017-18	0.46

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

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

The Teeter Plan is to remain in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. The board of supervisors may also, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls in that agency.

Direct and Overlapping Debt

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

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

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Direct and Overlapping Bonded Debt
(as of July 1, 2019)

2018-19 Assessed Valuation: $17,052,851,780

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/19
San Mateo Community College District	7.631%	$ 61,128,131
Sequoia Union High School District	17.820	89,113,365
Menlo Park City School District	**100.000**	**124,990,078**[1]
City of Menlo Park	55.371	9,426,913
Midpeninsula Regional Open Space District	5.957	5,507,842
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$290,166,329
OVERLAPPING GENERAL FUND DEBT:		
San Mateo County General Fund Obligations	7.631%	$41,690,470
San Mateo County Board of Education Certificates of Participation	7.631	621,163
Menlo Park Fire Protection District Certificates of Participation	44.754	4,567,146
Midpeninsula Regional Park District General Fund Obligations	5.957	6,996,532
TOTAL OVERLAPPING GENERAL FUND DEBT		$53,875,311
OVERLAPPING TAX INCREMENT DEBT:		
Successor Agency to Menlo Park Redevelopment Agency Las Pulgas Project Area	8.653%	$3,639,452
TOTAL OVERLAPPING TAX INCREMENT DEBT		$3,639,452
COMBINED TOTAL DEBT		$347,681,092[2]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($124,990,078)..0.73%
Total Direct and Overlapping Tax and Assessment Debt......1.70%
Combined Direct Debt..2.04%

Ratios to Redevelopment Incremental Valuation ($244,347,086):
Total Overlapping Tax Increment Debt................................1.49%

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

TAX MATTERS

Tax-Exempt Bonds

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, and subject to the satisfaction of certain conditions and to the occurrence of certain events described hereunder under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds," interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that, subject to those same conditions, interest on the Tax-Exempt 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 with respect to the Tax-Exempt Bonds is set forth in APPENDIX C hereto.

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

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt 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 Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt 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 Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt 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, subject to the satisfaction of certain conditions and to the occurrence of certain events described hereunder under the heading "INTRODUCTION – Certain Considerations

Regarding Forward Delivery of the 2020 Bonds," that interest on the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt 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 expected to be 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 Tax-Exempt Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and is not expected to give 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 covenants, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds will end with the issuance of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Taxable Bonds. The proposed form of opinion of Bond Counsel with respect to the Taxable Bonds is contained in APPENDIX C hereto.

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

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

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

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

U.S. Holders

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

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

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

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

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

Non-U.S. Holders

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

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

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

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

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

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

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

OTHER LEGAL MATTERS

Possible Limitations on Remedies

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

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

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

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

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

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

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

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

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

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

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

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed forms of opinion of Bond Counsel, attached hereto as APPENDIX C, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Complete copies of the proposed forms of Bond Counsel opinions are set forth in APPENDIX C – "PROPOSED FORMS OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2018-19 fiscal year with respect to the 2019 Bonds (which is due no later than April 1, 2020) and commencing with the report for the 2019-20 fiscal year with respect to the 2020 Bonds (which is due no later than April 1, 2021), and to provide notice of the occurrence of certain enumerated events in a timely manner not in excess of ten business days after the occurrence of the event. The Annual Report and notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX D – "FORMS OF CONTINUING DISCLOSURE CERTIFICATES." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

In the past five years, the District has failed to link certain financial information, including its fiscal year 2014-15 audit, with all CUSIP numbers for prior obligations subject to the Rule. The District has since linked such financial information to all applicable CUSIP numbers. The District has retained Keygent LLC, as dissemination agent, to assist it in complying with its continuing disclosure obligations under the Rule.

No Litigation

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

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

ESCROW VERIFICATION

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

MISCELLANEOUS

Rating

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

Professionals Involved in the Offering

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

Underwriting

2019 Bonds. The 2019 Bonds are being purchased by the Underwriter pursuant to the terms of a bond purchase agreement, dated September 10, 2019 (the "**2019 Purchase Contract**") by and between the District and the Underwriter. The Underwriter has agreed to purchase the 2019 Bonds at a price of $41,259,387.00 (which represents the aggregate principal amount of the 2019 Bonds less $80,613.00 Underwriter's discount). Pursuant to the 2019 Purchase Contract, the Underwriter will purchase all of the 2019 Bonds if any are purchased, the obligation of the Underwriter to purchase the 2019 Bonds being subject to certain terms and conditions to be satisfied by the District.

2020 Bonds. The 2020 Bonds are being purchased by the Underwriter pursuant to the terms of the 2020 Purchase Contract, dated September 10, 2019, by and between the District and the Underwriter. The Underwriter has agreed to purchase the 2020 Bonds at a price of $3,775,386.85 (which represents the aggregate principal amount of the 2020 Bonds, plus $416,948.60 original issue premium and less $6,561.75 Underwriter's discount). Pursuant to the 2020 Purchase Contract, the Underwriter will purchase all of the 2020 Bonds if any are purchased, being subject to certain terms and conditions set forth in the 2020 Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. See "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds."

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

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Additional Information

All data contained herein have been taken or constructed from the District's records and other sources, as indicated. Copies of documents referred to herein and information concerning the Bonds are available from the District through the Office of the Superintendent, 181 Encinal Avenue, Atherton, California 94027. The District may impose a charge for copying, handling and mailing such requested documents.

The preparation, execution and distribution of this Official Statement have been duly authorized and approved by the Board of Education of the District.

MENLO PARK CITY SCHOOL DISTRICT

By: /s/ Ahmad Sheikholeslami
Chief Business and Operations Officer

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

THE DISTRICT

Introduction

The District was established in 1880 and is located at the southern border of the County. The District encompasses approximately 5.7 square miles and serves parts of Menlo Park, Atherton, and unincorporated portions of the County. The District is located approximately 27 miles south of San Francisco and 20 miles northwest of San Jose, on the edge of Silicon Valley, three miles from Stanford University. The economy of the District is largely tied to the technology industry of Silicon Valley, Stanford University and related businesses, including venture capital and private equity investment funds, financial services, law firms and other professional service companies and investment companies focusing on technology. The District is also home to SRI International (formerly Stanford Research Institute) and the western regional offices of the United States Geological Survey.

The District operates three elementary schools and one middle school. Approximately 2,924 students are served in kindergarten through eighth grade. There are currently no charter schools in the District. For fiscal year 2019-20, the District has budgeted to employ approximately 340.3 full-time-equivalent ("**FTE**") employees, including 205.8 FTE certificated (credentialed teaching) staff, 112.4 FTE classified (non-teaching) staff, and 22.1 FTE management and supervisory personnel. For fiscal year 2019-20, the District has budgeted expenditures of approximately $54.4 million. Total assessed valuation of taxable property in the District in fiscal year 2019-20 is approximately $18.2 billion.

The District is governed by the Board of Education consisting of five members. The voting members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools.

Erik Burmeister joined the District as Superintendent in July 2017. Previously, Mr. Burmeister served as Assistant Superintendent of the District, and as Principal of Hillview Middle School in the District. Prior to working for the District, he was the Principal at Union Middle School in San Jose and Vice Principal at Westmont High School in Campbell. Before moving into administration, Mr. Burmeister taught high school English and Speech and Debate as well as serving as a coach, Activities Director, Dean of Students and youth leader. Mr. Burmeister has Bachelor's degrees in Secondary English-Education and Communications from Ohio University, a Master's degree in Educational Policy Analysis from Stanford University, and a Master's degree from San Jose State University where he received his administrative credential.

Mr. Ahmad Sheikholeslami joined the District in 2006 as the Director of Facility Planning and Construction. He oversaw the Measure U Bond Program for the modernization and expansion of the District's four schools. Mr. Sheikholeslami continued with the District after the completion of the Measure U Bond projects to oversee the Measure W Bond Program for the construction of a new elementary school and head the Facilities, Maintenance, and Transportation Department. Mr. Sheikholeslami holds a Bachelor's degree in Civil Engineering from the University of California, Davis and a Master's degree in Construction Management from the University of California, Berkeley. Mr. Sheikholeslami has completed the Fiscal Crisis & Management Assistance Team ("**FCMAT**") CBO Mentor program. He became the Chief Business and Operations Officer of the District in December 2014.

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 (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see " − Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District has budgeted to receive approximately 8.0% 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 $4.3 million in fiscal year 2019-20. Such amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see "− Allocation of State Funding to School District; Local Control Funding Formula" and "– Other District Revenues – Other State Revenues" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District's revenues and operations, though generally to a lesser extent than these may affect most school districts.

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

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

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

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

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

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

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

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

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

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

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

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the "**2019-20 State Budget**") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment to CalSTRS and the California Public Employees' Retirement System ("**CalPERS**") Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as the Proposition 98 Rainy Day Fund) in the amount of $376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 guarantee (approximately $2.1 billion).

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

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

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

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

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

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

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

- Full-Day Kindergarten. The 2019-20 State Budget includes $300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

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

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

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

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

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 Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

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

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

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

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

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

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

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

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

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

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

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

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

The District received $525,000 in pass-through payments in fiscal year 2018-19 and projects it will receive $525,000 in pass-through payments in fiscal year 2019-20.

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

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

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 et seq. of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a community funded 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 revenue limit funding grant ("**Base Grant**") per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $7,702 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $8,050 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to $9,329 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.

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

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

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

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

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

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

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

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 include special education in the table below:

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Average Daily Attendance, Enrollment and Targeted Base Grant
Fiscal Years 2013-14 through 2018-19

		A.D.A./Base Grant				
Fiscal Year		K-3	4-6	7-8	Total A.D.A.[2]	Total Enrollment[9]
2013-14	A.D.A.[2]	1,243.06	848.51	545.12	2,639.69	2,903
	Targeted Base Grant[3]	$6,952	$7,056	$7,266	-	-
2014-15	A.D.A.[2]	1,251.25	928.91	545.55	2,725.71	2,904
	Targeted Base Grant[3][4]	$7,011	$7,116	$7,328	-	-
2015-16	A.D.A.[2]	1,251.25	927.91	545.64	2,724.80	2,943
	Targeted Base Grant[3][5]	$7,083	$7,189	$7,403	-	-
2016-17	A.D.A.[2]	1,189.29	944.10	572.59	2,705.98	2,999
	Targeted Base Grant[3][6]	$7,083	$7,189	$7,403	-	-
2017-18	A.D.A.[2]	1,189.29	944.03	572.93	2,706.25	2,973
	Targeted Base Grant[3][7]	$7,193	$7,301	$7,518	-	-
2018-19[1]	A.D.A.[2]	1,199.32	916.12	5,83.43	2,698.87	2,930
	Targeted Base Grant[3][8]	$7,459	$7,571	$7,796	-	-

[1] Figures are projections.
[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 do not include any supplemental and concentration grants under the LCFF. Such amounts are not fully funded in any of the fiscal years listed above, except for fiscal years 2018-19 and 2019-20.
[4] Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
[5] Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
[6] Targeted fiscal year 2016-17 Base Grant amounts reflect 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.
[9] Reflects enrollment as of October report submitted to the CBEDS in each school year.
Source: The District.

The District estimates it received approximately $34.8 million in aggregate revenues allocated under the LCFF in fiscal year 2018-19, and has projected to receive approximately $36.8 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 68.6% of its general fund revenues in fiscal year 2019-20). Such amount includes an estimated $560,000 in supplemental and concentration grants in fiscal year 2018-19 and is projected to be approximately $620,000 in fiscal year 2019-20.

Local Sources of Education Funding

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

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

Local property tax revenues account for approximately 60% of the District's total general fund revenues in fiscal year 2018-19, and are projected to be approximately $34.0 million, or 63% of total general fund revenues in fiscal year 2019-20.

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

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

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Other authorized students who are not District residents include minority students entering kindergarten, first or second grade who live in the Ravenswood City School District in East Palo Alto. These students may apply to begin attending the District through a voluntary transfer program known as the "Tinsley Program" and administered by the San Mateo County Office of Education. The Tinsley Program was created in 1986 as part of a settlement order in San Mateo County Court in response to a petition filed by Margaret Tinsley and other parents of the Ravenswood City School District. For the 2018-19 school year, the District had 185 students in attendance through the Tinsley Program, and the District projects 185 students in attendance through the Tinsley Program in fiscal year 2019-20.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 1.2% (or approximately $645 thousand) of the District's general fund budgeted revenues for fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 4.2% (or approximately $2.2 million) of the District's general fund budgeted revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is budgeted at approximately $588 thousand for fiscal year 2019-20.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 26.0% (or approximately $13.9 million) of the District's general fund projected revenues for fiscal year 2019-20.

Parcel Taxes

Parcel tax revenues comprise approximately 16.2% (or approximately $8.7 million) of the District's general fund projected revenues for fiscal year 2019-20.

On April 11, 2000, 74.7% of District voters authorized a parcel tax to improve children's academic performance, reduce class size, improve teacher quality and expand courses. The measure authorized the District to levy the tax at the initial rate of $298 per year on each parcel of taxable real property in the District, commencing July 1, 2000, without expiration. The tax rate is adjusted annually to account for changes in the consumer price index for the San Francisco Bay Area. The rate for fiscal year 2018-19 is $472.48 per parcel.

On November 4, 2003, 80.9% of District voters approved a measure to renew an existing parcel tax to maintain smaller class sizes for all students, and to maintain funding for the teaching positions that facilitate those smaller class sizes. The measure authorized the District to levy the tax at the initial rate of $97 per year on each parcel of taxable real property in the District, commencing July 1, 2004, without expiration. The tax rate is adjusted annually to account for changes in the consumer price index for the San Francisco Bay Area. The rate for fiscal year 2018-19 is $138.54 per parcel.

On November 4, 2003, 77.4% of District voters authorized another parcel tax to restore programs lost due to State budget cuts, including funding for remedial math and reading, textbooks and materials, and to prepare teachers in the most effective teaching techniques in math, reading and science. The measure authorized the District to levy the tax at the initial rate of $73 per year on each parcel of taxable real property in the District, commencing July 1, 2004, without expiration. The tax rate is adjusted annually to account for changes in the consumer price index for the San Francisco Bay Area. The rate for fiscal year 2018-19 is $104.28 per parcel.

On March 7, 2017, 79.1% of District voters authorized a parcel tax to retain high-quality teachers, excellent programs, and reasonable class sizes. The measure authorized the District to levy the tax at the initial rate of $360 per year on each parcel of taxable real property in the District for a term of seven years. This measure sunsets on June 30, 2024. The tax rate is adjusted annually to account for changes in the consumer price index for the San Francisco Bay Area. The rate for fiscal year 2018-19 is $371.52 per parcel.

Foundation

Grants and gifts comprise approximately 8.3% (or approximately $4.5 million) of the District's general fund projected revenues for fiscal year 2019-20.

The Menlo Park Atherton Education Foundation (the "**Education Foundation**") is a nonprofit public benefit corporation, providing financial support to the District. The Education Foundation was formed solely to assist the District. The support is to supplement the resources available to the District through normal tax revenues and State funds. The Education Foundation funds are unrestricted as to use. Education Foundation payments to the District are projected to be approximately $4.1 million in fiscal year 2019-20. There is no guarantee that the Education Foundation will continue to provide this supplemental financial support to the District in the future.

Significant Accounting Policies and Audited Financial Reports

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

Chavan & Associates, LLP has served as independent auditor to the District and excerpts of its report for the fiscal year ended June 30, 2018 are attached hereto as APPENDIX B. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of excerpts from the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its audit report for each fiscal year with the County Superintendent and State officials by December 15 and to review the report and any recommended changes following a public meeting to be conducted no later than January 31.

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MENLO PARK CITY SCHOOL DISTRICT
Statement of General Fund Revenues, Expenditures and Changes in Fund Balance
Fiscal Years 2013-14 through 2017-18

	2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals
REVENUES					
LCFF Sources	$25,141,118	$25,812,440	$28,378,521	$30,480,621	$32,699,962
Federal Revenue	593,703	628,699	577,493	708,833	646,355
Other State Revenue	1,777,243	2,087,148	4,164,254	2,826,626	2,896,314
Other Local Revenue	4,950,253	11,364,599	11,504,196	11,915,772	13,625,986
TOTAL REVENUES	**$32,462,317**	**$39,892,886**	**$44,624,464**	**$45,931,852**	**$49,868,617**
EXPENDITURES					
Certificated Salaries	$21,477,869	$22,522,673	$23,141,472	$25,284,412	$25,192,689
Classified Salaries	4,969,595	5,458,219	5,783,600	6,563,583	6,973,080
Employee Benefits	5,698,172	7,411,763	8,518,849	9,540,016	10,794,971
Books and Supplies	2,157,731	2,415,443	1,744,357	1,400,941	1,422,865
Services, Other Operating Expenditures	2,572,683	3,247,487	3,645,616	3,650,008	4,115,727
Capital Outlay	66,120	24,124	199,161	473,943	55,631
Other Outgo	1,115,587	435,842	363,167	470,942	495,849
TOTAL EXPENDITURES	**$38,057,757**	**$41,515,551**	**$43,396,222**	**$47,383,845**	**$49,050,812**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$(5,595,440)	$(1,622,665)	$1,228,242	$(1,451,993)	$817,805
OTHER FINANCING SOURCES (USES)					
Inter-fund Transfers In	$6,300,597	$ 18,722	$11,868	$5,000	-
Inter-fund Transfers Out	(1,345,074)	(685,000)	-	-	$(198,000)
TOTAL, OTHER FINANCING SOURCES (USES)	**$4,955,523**	**$(666,278)**	**$11,868**	**$5,000**	**$(198,000)**
NET CHANGE IN FUND BALANCE	**$(639,917)**	**$(2,288,943)**	**$1,240,110**	**$(1,446,993)**	**$619,805**
BEGINNING BALANCE	$17,094,703	$16,454,786	$14,165,843	$15,405,953	$13,958,960
ENDING BALANCE	$16,454,786	$14,165,843	$15,405,953	$13,958,960	$14,578,765

Sources: The District's annual audited Financial Statements for fiscal years 2013-14 through 2017-18.

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

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20
and Estimated Actuals for Fiscal Year 2018-19[1]

	2018-19 Budgeted[2]	2018-19 Estimated Actuals[3]	2019-20 Budgeted[3]
REVENUES			
LCFF Sources	$34,522,827	$34,840,314	$36,759,536
Federal Revenue	673,565	734,325	644,912
Other State Revenue	2,509,719	2,860,049	2,228,300
Other Local Revenue	13,526,880	13,487,143	13,939,793
TOTAL	**$51,232,991**	**$51,921,831**	**$53,572,541**
EXPENDITURES			
Certificated Salaries	$26,329,313	$26,288,380	$27,647,340
Classified Salaries	7,308,854	7,233,068	7,612,824
Employee Benefits	12,060,568	11,862,900	12,854,295
Books and Supplies	1,274,481	1,501,523	1,417,871
Services/Other Operating Expenditures	4,001,428	4,039,338	4,350,821
Other Outgo – Excluding Transfers of Indirect Costs	526,500	526,500	512,000
Other Outgo – Transfers of Indirect Costs	(21,391)	(21,391)	(20,703)
Capital Outlay	55,000	56,542	-
TOTAL	**$51,534,753**	**$51,486,860**	**$54,374,448**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(301,762)	$434,971	$(801,907)
OTHER FINANCING SOURCES (USES)			
Transfers In	$678,497	$881,027	$395,321
Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	**$678,497**	**$881,027**	**$395,321**
NET CHANGE IN FUND BALANCE	$376,735	$1,315,998	$(406,586)
Fund Balance – Beginning	**$13,193,402**	**$13,440,558**	**$14,756,556**
Fund Balance – Ending	**$13,570,137**	**$14,756,556**	**$14,349,970**

(1) Totals may not add due to rounding.
(2) Adopted budget for fiscal year 2018-19, as of June 12, 2018.
(3) Adopted budget for fiscal year 2019-20, as of June 11, 2019.
Source: The District.

District Budget Process and County Review

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

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

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

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

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

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the State Education Code (Section 42100 et. seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

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

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

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

District Debt Structure

General Obligation Bonds. In 2004 and 2005, the District issued refunding bonds to refund all then-outstanding bonds which had been approved by the voters of the District in 1995 and issued in several series. In 2012, the District refunded the then-outstanding 2004 General Obligation Refunding Bonds.

On June 6, 2006, the voters of the District approved a bond proposition authorizing the issuance of $91,100,000 of bonds of the District by greater than a 55% affirmative vote (the "**2006 Authorization**"). Three series of bonds were issued pursuant to the 2006 Authorization. No authorization remains under the 2006 Authorization.The District's General Obligation Bonds, Election of 2006, Series 2007 were subsequently refunded in 2012. In 2014, the District refunded a portion of the then-outstanding General Obligation Bonds, Election of 2006, Series 2008. In 2015, the District refunded a portion of its 2005 General Obligation Refunding Bonds, its General Obligation Bonds, Election of 2006, Series 2008 (Capital Appreciation Bonds), and its General Obligation Bonds, Election of 2006, Series 2010 (Bank Qualified).

On November 5, 2013, the voters of the District approved a bond proposition authorizing the issuance of $23,000,000 of bonds of the District by greater than a 55% affirmative vote (the "**2013 Authorization**"). One series of bonds were issued pursuant to the 2013 Authorization. No authorization remains under the 2013 Authorization.

As of September 1, 2019, prior to the issuance of the Bonds, the outstanding bonds of the District are as follows:

Series Name	Date of Issue	Initial Principal Amount	Outstanding Principal Amount
General Obligation Bonds, Election of 2006, Series 2010*	03/25/10	22,835,271	$11,810,735
2012 General Obligation Refunding Bonds†	07/10/12	31,395,000	24,030,000
General Obligation Bonds (Election of 2013), Series 2014†	04/02/14	23,000,000	21,410,000
2014 General Obligation Refunding Bonds	09/24/14	39,010,000	39,010,000
2015 General Obligation Refunding Bonds	11/18/15	31,944,341	28,729,341
TOTAL		$195,364,340	$124,990,077

* Expected to be refunded in part with proceeds of the 2020 Bonds.
† Expected to be refunded in part with proceeds of the 2019 Bonds.

Voter-approved bonds are payable from an unlimited *ad valorem* property tax authorized to be levied by the County as necessary to repay the scheduled debt service in each year. See "DEBT SERVICE SCHEDULES – Combined Annual General Obligation Debt Service" for a description of principal and interest due in each year on all bonds outstanding.

Tax and Revenue Anticipation Notes. The District's tax and revenue anticipation notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District evaluates each year whether or not temporary borrowing will be necessary or economically beneficial. The District is not currently planning to issue tax and revenue anticipation notes in fiscal year 2019-20.

Accumulated Unpaid Employee Vacation. The long-term portion of accumulated unpaid employee vacation for the District as of June 30, 2018, amounted to $269,628.

Labor Relations

As of June 11, 2019, the District budgeted for approximately 340.3 full time equivalent ("**FTE**") employees, including 205.8 FTE certificated (credentialed teaching) positions, 112.4 FTE classified (non-teaching) positions, and 22.1 management, supervisor and confidential FTE positions. For fiscal year 2018-19, the total certificated and classified payrolls from all funds were approximately $26.3 million and $7.2 million, respectively. For fiscal year 2019-20, the total certificated and classified payrolls from all funds are budgeted to be approximately $27.6 million and $7.6 million, respectively.

The District's certificated and classified employees are represented by formal bargaining organizations as shown in the following table:

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Labor Organizations

Labor Organization	FTE Employees Represented	Contract Expiration
Menlo Park Education Association	205.8	June 30, 2020(1)
California Schools Employees Association, Chapter 630	112.4	June 30, 2018(1)
Management (Certified)	16.1	N/A
Management (Classified)	6.0	N/A
Total	340.3	

(1) Currently in negotiations.
Source: The District.

Retirement Benefits

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

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

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

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

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

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

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

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019[1]	17.10
2020[1]	18.40

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

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2012-13 through 2017-18, the estimated contribution in fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20:

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Contributions to CalSTRS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	$1,650,971
2013-14	1,765,424
2014-15	3,134,932
2015-16	3,983,715
2016-17	4,488,248
2017-18	5,102,013
2018-19[1]	6,590,293
2019-20[1]	6,055,683

[1] Projected.
Source: The District.

With the implementation of AB1469, the District anticipates that its contributions to CalSTRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to CalSTRS in future fiscal years.

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

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

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

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

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

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
Contributions to CalPERS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2012-13	$ 449,222
2013-14	504,384
2014-15	563,045
2015-16	599,138
2016-17	809,490
2017-18	977,134
2018-19[1]	1,190,017
2019-20[1]	1,487,610

[1] Projected.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2018-19 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "– *California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

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

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

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

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

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

The District implemented the provisions of GASB 68 which required the District to recognize its proportionate share of its unfunded pension liabilities with CalPERS and CalSTRS. These amounts were presented as long-term liabilities and are funded as a component of the annual required contribution that District makes to CalPERS and CalSTRS on behalf of its employees. See APPENDIX B − "FINANCIAL STATEMENTS OF THE DISTRICT FORTHE FISCAL YEAR ENDED JUNE 30, 2018."

Other Post-Employment Benefits. In addition to the retirement plan benefits with CalSTRS and CalPERS (see "– Retirement Benefits" above), the District provides medical, dental and vision benefits for employees and beneficiaries through its Postemployment Healthcare Plan (the "**Plan**"). For a description of the Plan, see Note 9 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." As of June 30, 2018, membership in the Plan consisted of 124 retirees and beneficiaries receiving benefits and 344 active plan members.

GASB released its Statement Number 45 ("**Statement Number 45**"), which requires municipalities to account for other post-employment benefits (meaning other than pension benefits) ("**OPEB**") liabilities much like municipalities are required to account for pension benefits. The expense is generally accrued over the working career of employees, rather than on a pay-as-you-go basis, which has been the practice for most municipalities and public sector organizations. OPEBs generally include post-employment health benefits (medical, dental, vision, prescription drug and mental health), life insurance, disability benefits and long term care benefits. Statement Number 45 was phased in over a three-year period based upon the entity's revenues. Statement Number 45 became effective for the District beginning in fiscal year 2008-09.

In 2017, the District implemented GASB Statement Number 75 ("**Statement Number 75**"), as a replacement to Statement Number 45. Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service ("**total OPEB liability**"), less the amount of the OPEB plan's fiduciary net position. The District's total OPEB liability for the year ended June 30, 2018, was $8,220,883, and its net OPEB liability was $6,421,003. For the year ended June 30, 2018, total contributions to the Plan were $653,622 and total benefit payments were $462,217. Total See APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018," Note 9 for additional information regarding the OPEB obligation and the postemployment benefits plan.

The District also maintains a CalPERS CERBT (California Employers' Retiree Benefit Trust) irrevocable trust (the "**CERBT**") to prefund OPEB costs. The funds in the CERBT are held in trust and administered by CalPERS as an agent multi-employer plan. The District's contributions to the irrevocable trust are included in the CERBT, which is included in CalPERS' Comprehensive Annual Financial Report.

For additional information about the District's Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 9 to the District's financial statements attached hereto as APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Joint Ventures

The District participates in a joint venture under a joint powers agreement ("**JPA**") with San Mateo County Schools Insurance Group ("**SMCSIG**") for property and liability, workers' compensation, vision, and dental insurance. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. The District is not a member of any other joint powers agencies or authorities.

For information, please see APPENDIX B – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018," Note 11.

Charter Schools

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

There are currently no charter schools operating in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

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

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

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

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

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

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

Article XIIIB of the State Constitution

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

In fiscal year 2017-18, the District had an appropriations limit of $38,247,021 and appropriations subject to such limit of $38,247,021. The District has budgeted an appropriations limit in fiscal year 2018-19 of $40,653,186. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State Constitution

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

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

The District imposes parcel taxes which are subject to the provisions of Proposition 218. The District also receives a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Statutory Limitations

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

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

Proposition 98 and Proposition 111

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

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

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

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

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

Proposition 30 and Proposition 55

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

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

Applications of Constitutional and Statutory Provisions

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

Proposition 2

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

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

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

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

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

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

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

Future Initiatives

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

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APPENDIX B

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

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MENLO PARK CITY SCHOOL DISTRICT
COUNTY OF SAN MATEO
MENLO PARK, CALIFORNIA

AUDIT REPORT

JUNE 30, 2018

CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

Menlo Park City School District
County of San Mateo

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Menlo Park City School District
Menlo Park, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 a Matter

Deficit Net Position

As of June 30, 2018, the District's net position in its Government-wide financial statements was at a deficit mostly because of the long-term pension liabilities and deferrals as reported in Note 7 and Note 8. Our opinion is not modified with respect to this matter.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The District currently funds this obligation on a pay-as-you go basis and through contributions to a trust. The District anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

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provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, organization schedule, schedule of average daily attendance, schedule of instructional time offered, schedule of charter schools, schedule of financial trends and analysis, schedule of expenditures of federal awards, as required *by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards,* and the reconciliation of the Annual Financial Budget report to the audited financial statements, as required by the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2018 on our consideration of The District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.

C & A LLP

November 18, 2018
San Jose, California

Management's Discussion and Analysis

This discussion and analysis of Menlo Park City School District's (the District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2018 are as follows:

- Total net position decreased by $650,398 (5%) from June 30, 2017 to June 30, 2018, mainly due to an increase in net pension obligations of $3,925,019, the net OPEB liability of $6,421,003, current year increases to accreted interest of $1,293,809, and a decrease to beginning accreted interest of $3,686,568.

- The District recorded deferred outflows of resources of $37,510,290 and deferred inflows of resources of $5,385,054 as required by GASB 68 and GASB 75 for pension and other postemployment benefit accounting and reporting. Deferred outflows of resources are technically not assets but increase the Statement of Net Position similar to an asset and deferred inflows of resources are technically not liabilities but decrease the Statement of Net Position similar to liabilities. See Note 1 in the notes to financial statements for a definition.

- The District had $58,679,742 in government-wide expenses which is 101% of total government-wide revenues. Program specific revenues in the form of operating grants and contributions and charges for services accounted for $4,093,673, or 7%, of the total revenues of $58,051,071.

- General revenue of $54,032,800 which includes property taxes, unrestricted federal and state grants and LCFF sources, was 93% of total revenues in 2018 versus 93% in 2017.

- The fund balances of all funds increased by $1,689,160, which is a 8% increase from 2017.

- Total governmental fund revenues and expenditures totaled $58,249,072 and $56,499,999, respectively.

Using the Annual Report

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

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

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Overview of the Financial Statements

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

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

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

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

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

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District has business-type activities for its child care program which is reported in an enterprise fund and in the government-wide financial statements.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. The District has one proprietary fund, an Enterprise Fund, which is reported separately from the Governmental Funds. The Enterprise Fund is used to account for fee-based Early Learning Center Child Care Program operations.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship and student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2018 compared to June 30, 2017:

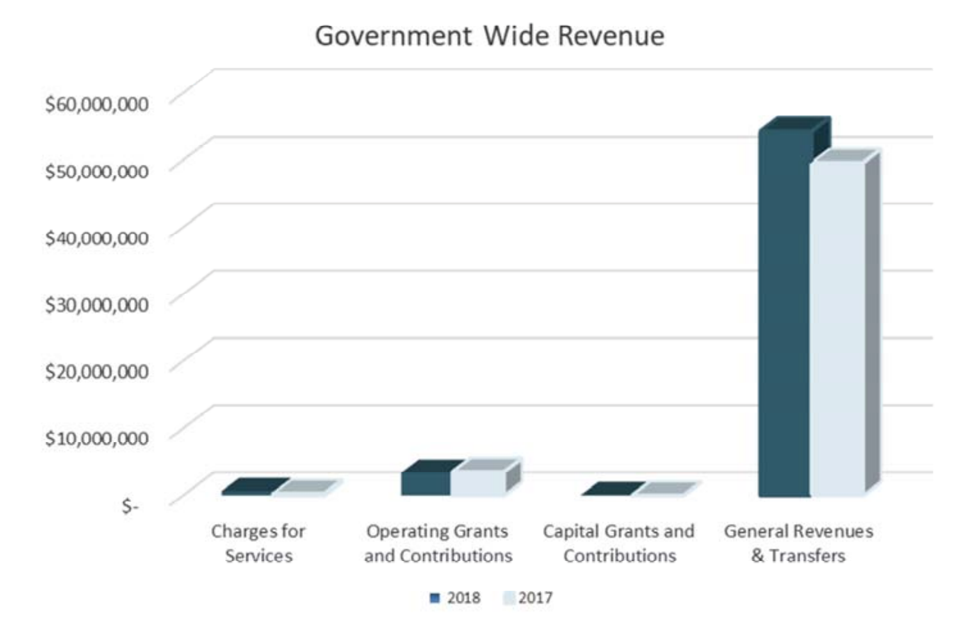
Table 1 - Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$ 24,150,140	$ 22,950,299	$ 139,253	$ -	$ 24,289,393	$ 22,950,299
Capital Assets	136,884,955	140,010,752	-	-	136,884,955	140,010,752
Total Assets	**$161,035,095**	**$ 162,961,051**	**$ 139,253**	**$ -**	**$ 161,174,348**	**$162,961,051**
Deferred Outflows	**$ 37,510,290**	**$ 29,990,235**	**$ -**	**$ -**	**$ 37,510,290**	**$ 29,990,235**
Liabilities						
Current Liabilities	$ 2,620,501	$ 3,356,127	$ 1,166	$ -	$ 2,621,667	$ 3,356,127
Long-Term Liabilities	204,896,442	200,241,286	-	-	204,896,442	200,241,286
Total Liabilities	**$207,516,943**	**$ 203,597,413**	**$ 1,166**	**$ -**	**$ 207,518,109**	**$203,597,413**
Deferred Inflows	**$ 5,385,054**	**$ 2,922,000**	**$ -**	**$ -**	**$ 5,385,054**	**$ 2,922,000**
Net Position						
Net Investment in Capital Assets	$ 15,672,346	$ 16,531,216	$ -	$ -	$ 15,672,346	$ 16,531,216
Restricted	9,153,980	9,374,053	138,087	-	9,292,067	9,374,053
Unrestricted	(39,182,938)	(39,473,396)	-	-	(39,182,938)	(39,473,396)
Total Net Position	**$ (14,356,612)**	**$ (13,568,127)**	**$ 138,087**	**$ -**	**$ (14,218,525)**	**$ (13,568,127)**

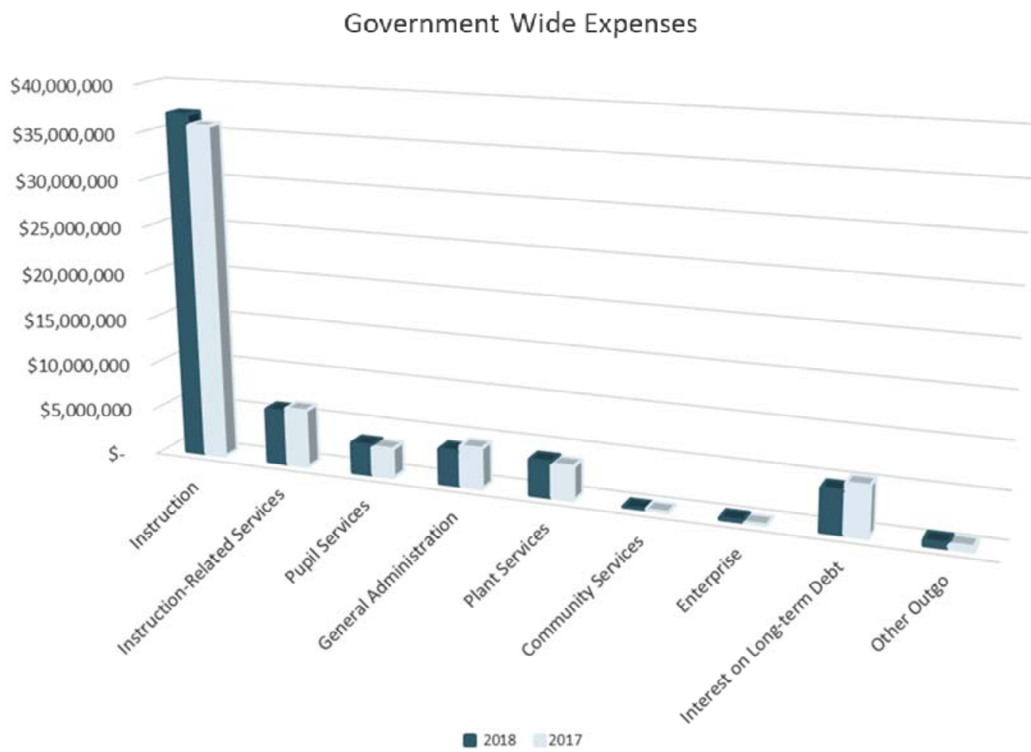
Table 2 compares the components of changes in net position for the fiscal year 2018 versus 2017:

Table 2 - Change in Net Position	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	$ 577,166	$ 287,407	$ 75,402	$ -	$ 652,568	$ 287,407
Operating Grants and Contributions	3,389,298	3,517,652	-	-	3,389,298	3,517,652
Capital Grants and Contributions	51,807	-	-	-	51,807	-
General Revenues & Transfers	54,032,800	49,605,158	198,378	-	54,231,178	49,605,158
Total Revenues	58,051,071	53,410,217	273,780	-	58,324,851	53,410,217
Program Expenses						
Instruction	36,937,312	35,863,728	-	-	36,937,312	35,863,728
Instruction-Related Services	5,863,503	6,194,252	-	-	5,863,503	6,194,252
Pupil Services	3,253,623	3,129,856	-	-	3,253,623	3,129,856
General Administration	3,776,945	4,357,822	-	-	3,776,945	4,357,822
Plant Services	3,817,654	3,599,864	-	-	3,817,654	3,599,864
Community Services	975	-	-	-	975	-
Enterprise	-	-	135,693	-	135,693	-
Interest on Long-term Debt	4,507,816	5,307,398	-	-	4,507,816	5,307,398
Other Outgo	521,914	475,168	-	-	521,914	475,168
Total Expenses	58,679,742	58,928,088	135,693	-	58,815,435	58,928,088
Change in Net Position	(628,671)	(5,517,871)	138,087	-	(490,584)	(5,517,871)
Beginning Net Position	(13,568,127)	(8,050,256)	-	-	(13,568,127)	(8,050,256)
Prior Period Adjustments	(159,814)	-	-	-	(159,814)	-
Ending Net Position	**$ (14,356,612)**	**$ (13,568,127)**	**$ 138,087**	**$ -**	**$ (14,218,525)**	**$ (13,568,127)**

The following chart compares government-wide revenue by category for 2018 and 2017:



The next chart compares government-wide expenses by category for 2018 and 2017:



Governmental Activities

Direct Instruction, Instruction-Related Services, and Pupil Services represent 78% of total expenses in 2018 versus 77% in 2017. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services and identifies the cost of these services supported by revenues.

Table 3 - Net Cost of Services

Function	2018	2017	Increase (Decrease)	Percent
Instruction	$ 34,412,420	$ 33,281,958	$ 1,130,462	3.4%
Instruction-Related Services	5,638,161	5,939,292	(301,131)	-5.1%
Pupil Services	2,551,946	2,598,893	(46,947)	-1.8%
General Administration	3,691,473	4,302,828	(611,355)	-14.2%
Plant Services	3,674,372	3,453,772	220,600	6.4%
Community Services	975	-	975	100.0%
Interest on Long-term Debt	4,507,816	5,307,398	(799,582)	-15.1%
Other	184,308	238,888	(54,580)	-22.8%
Total Net Cost of Services	**$ 54,661,471**	**$ 55,123,029**	**$ (461,558)**	**-0.8%**

The District's Funds

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

Table 4 - Change in Fund Balances				
Funds	2018	2017	Increase (Decrease)	Percent
General Fund	$ 14,578,765	$ 13,958,960	$ 619,805	4.4%
Bond Interest and Redemption Fund	5,621,134	5,316,327	304,807	5.7%
Nonmajor Governmental Funds	3,179,740	2,553,279	626,461	24.5%
Enterprise Fund	138,087	-	138,087	100.0%
Total Fund Balances	**$ 23,517,726**	**$ 21,828,566**	**$ 1,689,160**	**7.7%**

Capital Assets

Table 5 shows June 30, 2018 capital asset balances compared to June 30, 2017:

Table 5 - Summary of Capital Assets Net of Depreciation				
	2018	2017		
Capital Asset	Net Capital Assets	Net Capital Assets	Increase (Decrease)	Percent
Land	$ 189,638	$ 189,638	$ -	0.0%
Work-in-Progress	87,602	47,320	40,282	85.1%
Site Improvements	478,671	541,632	(62,961)	-11.6%
Buildings	135,594,964	138,675,748	(3,080,784)	-2.2%
Equipment	534,080	556,414	(22,334)	-4.0%
Totals	**$ 136,884,955**	**$ 140,010,752**	**$ (3,125,797)**	**-2.2%**

See Note 4 for additional information related to the changes in capital assets.

Long Term Debt

Table 6 reports the balance and changes of long-term liabilities during the fiscal year 2018.

Table 6 - Long-term Debt

Type of Debt		2018		2017		Increase (Decrease)	Percent
General Obligation Bonds	$	143,885,792	$	149,614,477	$	(5,728,685)	-3.8%
Net Pension Obligations		54,320,019		50,395,000		3,925,019	7.8%
Net OPEB Liability		6,421,003		-		6,421,003	100.0%
Compensated absences		269,628		231,809		37,819	16.3%
Total Debt	**$**	**204,896,442**	**$**	**200,241,286**	**$**	**4,655,156**	**2.3%**

The District implemented GASB 75 as of June 30, 2018, which required the District to record the entirety of its net OPEB liability. See Note 8 to the financial statements for additional information.

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 based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revised its budget at First and Second Interim. The original budget presented in the required supplementary information section includes only new revenues for 2018. During the budget revision process the District accounts for prior year ending balances by budgeting to use the carryover. Budgeted revenue increased by $1,065,478 from adopted to final and budgeted expenditures increased by $1,30,4020 from adopted to final during the year.

Factors Bearing on the District's Future

The District is a community-funded district, deriving a majority of its revenue from local property taxes and very little funding from the State. As a community-funded district, student enrollment growth does not provide additional revenues as in State-funded districts and so presents a challenge, as does the general economy. Current projections predict flat enrollment for the next few years. The District's 2018-19 Adopted Budget included an increase in secured property tax, that portion of property tax generated from assessed values of land and structures, of an estimated 7.1%. While this reflects a healthy economy, it should be noted that property taxes are difficult to predict. The District relies on community support with generous contributions from its foundation and four parcel taxes. Three of these parcel taxes are evergreen. On March 7, 2017, the community overwhelmingly approved a new seven-year parcel tax (Measure X) to renew and increase the expiring parcel tax. Parcel Taxes and the Education Foundation represent about 23% of the District's revenues. The District maintains healthy reserves for economic uncertainty to weather economic adversity and to provide the fiscal flexibility to address such issues as they arise. The District has developed an economic stability plan through 2020/21 to maintain reserves above 15%.

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 Menlo Park City School District Business Office, 181 Encinal Avenue, Atherton, CA 94027.

Basic Financial Statements

Menlo Park City School District

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 23,009,387	$ 137,465	$ 23,146,852
Receivables	1,134,890	1,788	1,136,678
Prepaid expenses	5,863	-	5,863
Capital assets - net	136,884,955	-	136,884,955
Total Assets	$ 161,035,095	$ 139,253	$ 161,174,348
Deferred Outflows of Resources			
Defered loss from refunding of debt	$ 16,397,696	$ -	$ 16,397,696
OPEB adjustments	653,622	-	653,622
Pension adjustments	20,458,972	-	20,458,972
Total Deferred Outflows of Resources	$ 37,510,290	$ -	$ 37,510,290
Liabilities			
Accounts payable	$ 728,592	$ 1,166	$ 729,758
Unearned revenue	41,909	-	41,909
Accrued interest	1,850,000	-	1,850,000
Long-term liabilities:			
Due within one year	3,243,387	-	3,243,387
Due after one year	201,653,055	-	201,653,055
Total Liabilities	$ 207,516,943	$ 1,166	$ 207,518,109
Deferred Inflows of Resources			
Pension adjustments	$ 5,385,054	$ -	$ 5,385,054
Total Deferred Inflows of Resources	$ 5,385,054	$ -	$ 5,385,054
Net Position			
Net investment in capital assets	$ 15,672,346	$ -	$ 15,672,346
Restricted for:			
Educational programs	1,862,842	-	1,862,842
Debt service	5,621,134	-	5,621,134
Facilities projects	51,932	-	51,932
Cafeteria programs	19,555	-	19,555
Deferred maintenance	1,598,517	-	1,598,517
Early Learning Center	-	138,087	138,087
Unrestricted	(39,182,938)	-	(39,182,938)
Total Net Position	$ (14,356,612)	$ 138,087	$ (14,218,525)

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

Menlo Park City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction	$ 36,937,312	$ 115,595	$ 2,357,490	$ 51,807	$ (34,412,420)	$ -	$ (34,412,420)
Instruction-related services:							
Supervision of instruction	2,111,814	13,862	83,322	-	(2,014,630)	-	(2,014,630)
Instruction library, media and technology	985,368	1,158	38,116	-	(946,094)	-	(946,094)
School site administration	2,766,321	4,082	84,802	-	(2,677,437)	-	(2,677,437)
Pupil services:							
Home-to-school transportation	315,973	-	-	-	(315,973)	-	(315,973)
Food services	714,747	394,489	120,291	-	(199,967)	-	(199,967)
All other pupil services	2,222,903	20,866	166,031	-	(2,036,006)	-	(2,036,006)
General administration:							
Data processing	929,763	-	37,038	-	(892,725)	-	(892,725)
All other general administration	2,847,182	20,662	27,772	-	(2,798,748)	-	(2,798,748)
Plant services	3,817,654	-	143,282	-	(3,674,372)	-	(3,674,372)
Community services	975	-	-	-	(975)	-	(975)
Other outgo	521,914	6,452	331,154	-	(184,308)	-	(184,308)
Interest on long-term debt	4,507,816	-	-	-	(4,507,816)	-	(4,507,816)
Total governmental activities	$ 58,679,742	$ 577,166	$ 3,389,298	$ 51,807	$ (54,661,471)		$ (54,661,471)
Business-type activities:							
Enterprise activities	$ 135,693	$ 75,402	$ -	$ -		(60,291)	(60,291)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					31,465,354	-	31,465,354
Taxes levied for debt service					6,450,192	-	6,450,192
Taxes levied for other specific purposes					8,153,158	-	8,153,158
Federal and state aid not restricted to specific purposes					2,895,065	-	2,895,065
Interest and investment earnings					239,294	378	239,672
Miscellaneous					5,027,737	-	5,027,737
Transfers					(198,000)	198,000	-
Total general revenues and transfers					54,032,800	198,378	54,231,178
Change in net position					(628,671)	138,087	(490,584)
Net position beginning					(13,568,127)	-	(13,568,127)
Prior period adjustment - OPEB GABS 75					(5,993,585)	-	(5,993,585)
Prior period adjustment - pensions					2,147,203	-	2,147,203
Prior period adjustment - accreted interest					3,686,568	-	3,686,568
Net position beginning, as adjusted					(13,727,941)	-	(13,727,941)
Net position ending					$ (14,356,612)	$ 138,087	$ (14,218,525)

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

Menlo Park City School District
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 14,270,936	$ 5,599,864	$ 3,138,587	$ 23,009,387
Accounts receivable	938,900	21,270	174,720	1,134,890
Due from other funds	26,066	-	-	26,066
Prepaid expenses	5,863	-	-	5,863
Total Assets	$ 15,241,765	$ 5,621,134	$ 3,313,307	$ 24,176,206
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 621,091	$ -	$ 107,501	$ 728,592
Due to other funds	-	-	26,066	26,066
Unearned revenue	41,909	-	-	41,909
Total Liabilities	663,000	-	133,567	796,567
Fund balances:				
Nonspendable:				
Revolving fund	5,000	-	-	5,000
Prepaid expenditures	5,863	-	-	5,863
Restricted for:				
Educational programs	1,862,842	-	-	1,862,842
Cafeteria programs	-	-	19,555	19,555
Debt service	-	5,621,134	-	5,621,134
Facilities projects	-	-	51,932	51,932
Deferred maintenance	-	-	1,598,517	1,598,517
Assigned for:				
Parcel tax	417,500	-	-	417,500
Instructional materials	855,090	-	-	855,090
Extended Technology (TOSA)	150,000	-	-	150,000
Early Learning Center	55,300	-	-	55,300
Capital projects	-	-	1,509,736	1,509,736
Fields	59,323	-	-	59,323
Foundation and site grants	27,334	-	-	27,334
Strategic direction	1,564,547	-	-	1,564,547
Unassigned:				
Reserve for economic uncertainties	9,575,966	-	-	9,575,966
Total Fund Balances	14,578,765	5,621,134	3,179,740	23,379,639
Total Liabilities and Fund Balances	$ 15,241,765	$ 5,621,134	$ 3,313,307	$ 24,176,206

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

Menlo Park City School District
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		$ 23,379,639
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	$ 168,535,327	
Accumulated depreciation	(31,650,372)	136,884,955
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The accrued interest at the end of the period was:		(1,850,000)
Deferred outflows of resources include amounts that will not be included in the calculation of the District's net pension liability of the plan year included in this report such as current fiscal year contributions as recorded in the fund statements.		20,458,972
The differences from pension plan assumptions in actuarial valuations are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows of resources in the Statement of Net Position.		(5,385,054)
OPEB adjustments:		
Contributions subsequent to the measurement date		653,622
Losses on refundings of debt are categorized as deferredoutflows and are amortized over the shortened life of therefunded or refunding debt.		16,397,696
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds	$ 143,885,792	
Net pension obligations	54,320,019	
Net OPEB liability	6,421,003	
Compensated absences	269,628	(204,896,442)
Total net position - governmental activities		$ (14,356,612)

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

Menlo Park City School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources	$ 32,699,962	$ -	$ -	$ 32,699,962
Federal	646,355	-	119,372	765,727
Other state	2,896,314	13,679	719,027	3,629,020
Other local	13,625,986	6,473,128	1,055,249	21,154,363
Total revenues	49,868,617	6,486,807	1,893,648	58,249,072
Expenditures:				
Instruction	33,542,809	-	-	33,542,809
Instruction-related services:				
Supervision of instruction	2,082,979	-	-	2,082,979
Instruction library, media and technology	971,914	-	-	971,914
School site administration	2,728,549	-	-	2,728,549
Pupil services:				
Home-to-school transportation	311,659	-	-	311,659
Food services	-	-	497,660	497,660
All other pupil services	2,192,551	-	-	2,192,551
General administration:				
Data processing	917,068	-	-	917,068
All other general administration	2,485,535	-	26,066	2,511,601
Plant services	3,295,834	-	743,461	4,039,295
Other outgo	-	975	-	975
Transfers between agencies	521,914	-	-	521,914
Debt service:				
Principal	-	3,014,351	-	3,014,351
Interest and fees	-	3,166,674	-	3,166,674
Total expenditures	49,050,812	6,182,000	1,267,187	56,499,999
Excess (deficiency) of revenues over (under) expenditures	817,805	304,807	626,461	1,749,073
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(198,000)	-	-	(198,000)
Total other financing sources (uses)	(198,000)	-	-	(198,000)
Changes in fund balances	619,805	304,807	626,461	1,551,073
Fund balances beginning	13,958,960	5,316,327	2,553,279	21,828,566
Fund balances ending	$ 14,578,765	$ 5,621,134	$ 3,179,740	$ 23,379,639

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

Menlo Park City School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds		$ 1,551,073
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities , the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions of $285,891 was less than depreciation expense of $3,125,797 in the period.		(3,125,797)
The governmental funds report long-term debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of prepaid issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:		
General obligation bond principal	$ 3,014,351	
Loss on defeasance	(922,456)	
Accreted Interest	(1,293,809)	
Amortization of bond premiums	321,575	1,119,661
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		553,548
In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than vacation used.		(37,819)
In governmental funds, actual contributions to pension plans are reported as expenditures in the year incurred. However, in the government-wide Statement of Activities, only the current year pension expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		(746,386)
In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension OPEB expense as noted in the plan's valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.		57,049
Change in net position of governmental activities		$ (628,671)

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

Menlo Park City School District
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Fund
	Early Learning Center
Assets	
Current Assets:	
Cash and investments	$ 137,465
Accounts receivable	1,788
Total Assets	$ 139,253
Liabilities	
Current Liabilities:	
Accounts payable	$ 1,166
Total Liabilities	$ 1,166
Net Position	
Restricted	$ 138,087
Total Net Position	$ 138,087

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

Menlo Park City School District

Statement of Activities

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

	Enterprise Fund
	Early Learning Center
Operating Revenues	
Local revenue	$ 75,402
Total Operating Revenue	75,402
Operating Expenses	
Certificated salaries	98,666
Classified salaries	4,030
Employee benefits	21,637
Books and supplies	5,377
Services and other operating expenses	5,983
Total Operating Expenses	135,693
Operating Income (Loss)	(60,291)
Nonoperating Revenues (Expenses):	
Interest income	378
Income Before Transfers	(59,913)
Transfers from Other Funds	198,000
Change in Net Position	138,087
Beginning Net Position	-
Ending Net Position	$ 138,087

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

Menlo Park City School District
Statement of Cash Flows
Proprietary Funds
June 30, 2018

	Enterprise Fund
	Early Learning Center
Cash Flows from Operating Activities	
Cash received from services	$ 73,614
Cash paid to employees	(123,167)
Cash paid for supplies and services	(11,360)
Net cash provided by (used for) operating activities	(60,913)
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	198,000
Net cash provided by (used for) noncapital financing activities	198,000
Cash Flows from Investing Activities	
Interest income	378
Net cash provided by (used for) investing activities	378
Increase (Decrease) in Cash and Cash Equivalents	137,465
Cash and Cash Equivalents - Beginning	-
Cash and Cash Equivalents - Ending	$ 137,465
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss)	$ (60,291)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	(1,788)
Increase (decrease) in accounts payable	1,166
Net cash provided by operating activities	$ (60,913)

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

Menlo Park City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Student Body Agency Fund
Assets	
Cash on hand and in banks	$ 92,900
Total Assets	$ 92,900
Liabilities	
Due to student groups	$ 92,900
Total Liabilities	$ 92,900

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

Notes to the Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

Menlo Park City 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 account policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the U. S. Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The District's combined financial statements include the accounts of all its operations and the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board.

The financial reporting entity only consists of the primary government, the District. The District has evaluated whether any other entity should be included in these financial statements using the criteria established by GASB which requires local governments to report: (a) organizations for which the primary government is financially accountable, and (b) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, **and** either (a) the District has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the District.

C. Basis of Presentation

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Fund Net Position. The Statement of Revenue, Expenses, and Changes in Fund Net Position for proprietary funds presents increases (i.e., revenue) and decreases (i.e., expenditures) in net total assets. The statement of cash flows provides information about how the District Office finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Fiduciary funds are reported using the economic resources measurement focus.

D. <u>Basis of Accounting</u>

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply.

The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Deferred Outflows/Inflows of Resources:

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

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

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

Expenses/Expenditures:

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

E. Fund Accounting

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. For financial reporting purposes, the current year activity and year end balances of the Special Reserve for Other than Capital Outlay Fund is combined with the General Fund.

The *Bond Interest and Redemption Fund* is used to account for taxes received and expended on interest and the redemption of principal of general obligation bonds.

Proprietary funds include one Enterprise Fund which is intended to be a self-supporting entity. The *Enterprise Fund* is used to account for revenue and expenses for a fee-based Early Learning Center Program.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body.

F. Budgets and Budgetary Accounting

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

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

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

G. Encumbrances

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

H. Benefit Plans

Pensions

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

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

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

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

I. Assets, Liabilities, and Equity

a) Cash and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Deposit Insurance Corporation. In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

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.

b) Fair Value Measurements

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

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

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

c) Inventories and Prepaid Expenditures

Inventories

Inventories are recorded using the consumption method, in that expenditures are recorded when inventory is 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 current assets.

Prepaid expenditures

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

d) 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. 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 an asset or materially extend an asset's life are not capitalized but are expensed as incurred.

Depreciation on all capital assets is computed using a straight-line basis over 5 to 30 years by asset type.

e) Unearned Revenue

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

f) Compensated Absences

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

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

g) Long-Term Liabilities

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

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

h) Fund Balance Policy and Classifications

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts, of 10 percent of general fund operating expenditures and other financing uses. The District was in compliance with this policy as of June 30, 2018. In accordance with Government Accounting Standards, the District classifies governmental fund balances as follows:

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

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

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

- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. While the Board of Education has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2018 no formal designation of assignment authority has occurred and the Board of Education retains ultimate authority for assigning fund balance.

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

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

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.

i) Net Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Categorical Program and Local Grant and Donation restrictions reflect the amounts to be expended on specific school programs funded by federal and state resources and from locally funded programs with stipulated uses.

Cafeteria Program restrictions reflect the cash balances in the Cafeteria fund that are restricted for food services and child nutrition programs.

Unrestricted net position reflects amounts that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

j) Local Control Funding Formula and Property Taxes

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

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

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

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

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

k) Risk Management

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

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

l) Accounting Estimates

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

m) Eliminations and Reclassifications

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

n) Subsequent Events

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

J. Implemented New Accounting Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. 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 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity. In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the District's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of $5,993,585 has been shown as a restatement of net position in the Statement of Activities as a separate line item.

GASB Statement No. 86, Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. This statement did not have an impact on the District's financial statements.

K. Upcoming Accounting and Reporting Changes

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

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2021. The District doesn't believe this statement will have a significant impact on the District's financial statements.

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

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

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

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

2. CASH AND INVESTMENTS

A summary of cash and investments as of June 30, 2018 is as follows:

Description	Carrying Amount	Fair Value
Government-Wide Statements:		
Cash with County	$ 23,139,721	$ 23,035,129
Cash in revolving fund	5,000.00	5,000
Cash with Fiscal Agent	155	155
Total Cash Deposits	23,144,876	23,040,284
Investments:		
Local Agency Investment Fund	1,976	1,976
Total Cash and Investments	$ 23,146,852	$ 23,042,260
Fiduciary Funds:		
Cash on hand and in banks	$ 92,900	$ 92,900

Cash in Banks and in Revolving Funds

Cash balances in banks and revolving funds are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2018, the bank balances of the District's accounts were fully insured by FDIC.

Cash in County Treasury

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

Fair Value Measurements

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

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

The District has the following recurring fair value measurements as of June 30, 2018:

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

Policies and Practices

The District is authorized under California Government Code Section 53635 to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains cash with the County of San

Mateo Investment Pool. The pool has a fair value of approximately $1.468 billion and an amortized book value of $1.475 billion.

Credit Risk

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

Custodial Credit Risk - Deposits

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

Concentration of Credit Risk

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

3. ACCOUNTS RECEIVABLE

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

Receivables	General Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Total
Federal government	$ 205,425	$ -	$ 23,343	$ 228,768
State Government	447,120	-	-	447,120
Other resources	286,355	21,270	151,377	459,002
Total Receivables	$ 938,900	$ 21,270	$ 174,720	$ 1,134,890

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activities for the year ended June 30, 2018 were as follows:

Capital Assets	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Land - not depreciable	$ 189,638	$ -	$ -	$ 189,638
Work-in-progress - not depreciable	47,320	87,602	(47,320)	87,602
Site improvements	2,480,072	10,179	-	2,490,251
Buildings	164,665,181	179,799	-	164,844,980
Equipment	867,225	55,631	-	922,856
Total capital assets	168,249,436	333,211	(47,320)	168,535,327
Less accumulated depreciation for:				
Site improvements	1,938,440	73,140	-	2,011,580
Buildings	25,989,433	3,260,583	-	29,250,016
Equipment	310,811	77,965	-	388,776
Total accumulated depreciation	28,238,684	3,411,688	-	31,650,372
Total capital assets - net depreciation	$ 140,010,752	$ (3,078,477)	$ (47,320)	$ 136,884,955

Depreciation expense was charged to the following governmental for the fiscal year ended June 30, 2018:

Instruction	$ 2,892,345
Food services	210,198
All other general administration	300,812
Plant services	8,333
Total depreciation expense	$ 3,411,688

5. INTERFUND TRANSACTIONS

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

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. During the fiscal year ended June 30, 2018 the District transferred $198,000 to the Early Learning Center enterprise fund to fund the opening of this child care facility.

6. LONG-TERM LIABILITIES

Schedule of Changes in Long-term Liabilities

The following summarizes the District's changes in long-term debt for the fiscal year ended June 30, 2018:

Description	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	$ 149,614,477	$ 1,684,458	$ 7,413,143	$ 143,885,792	$ 3,243,387
Net Pension Obligations	50,395,000	13,848,310	9,923,291	54,320,019	-
Net OPEB Liability	-	7,839,604	1,418,601	6,421,003	-
Compensated Absences	231,809	37,819	-	269,628	-
Total Long-term Liabilities	$ 200,241,286	$ 23,410,191	$ 18,755,035	$ 204,896,442	$ 3,243,387

Payments on bonds were made from the Bond Interest and Redemption Fund using local revenues. Compensated absences, pension obligations and net OPEB obligations were paid by the General Fund.

General Obligation Bonds Payable

The following summarizes the bonds outstanding as of June 30, 2018:

Bond	Maturity Date	Interest Rate %	Original Issue	Bonds Outstanding July 01, 2017	Issued	Adjustments/ Redemptions	Bonds Outstanding June 30, 2018
Series 2008	2043	4.15-8	$ 33,264,728	$ 1,272,677	$ -	$ 615,804	$ 656,873
Series 2010	2044	1.1-6.37	22,835,271	13,032,069	-	378,547	12,653,522
2012 Refunding	2031	2-5	31,395,000	27,660,000	-	1,125,000	26,535,000
Series 2014	2039	2-5	23,000,000	22,055,000	-	165,000	21,890,000
2014 Refunding	2043	3-4	39,010,000	39,010,000	-	-	39,010,000
2015 Refunding	2042	3.2-4.35	31,944,341	31,004,341	-	730,000	30,274,341
Subtotal General Obligation Bonds			181,449,340	134,034,087	-	3,014,351	131,019,736
Accreted Interest				8,398,005	1,684,458	4,077,217	6,005,246
Bond Premiums				7,182,385	-	321,575	6,860,810
Total General Obligation Bonds				$ 149,614,477	$ 1,684,458	$ 7,413,143	$ 143,885,792

In July 2008, the District issued Election of 2006, Series 2008 General Obligation Bonds totaling $33,264,728. The Bonds comprise of $9,000,000 in Current Interest Bonds, and $24,264,728 in Capital Appreciation Bonds. In August 2014, the District issued 2015 and 2018 Crossover Refunding Bonds for the purpose of refunding certain maturities of the Series 2008 GO Bonds. In November 2015, the District issued 2015 GO Refunding Bonds for the purpose of refunding certain additional maturities of the outstanding Series 2008 GO Bonds.

In August 2014, the District issued 2014 General Obligation Refunding Bonds totaling $39,010,000. The Bonds were comprised of two issuances, which included the 2015 Crossover Refunding Bonds of $8,295,000, the proceeds of which were used to advance refund the outstanding balance of the Election of 2006, Series 2008 Current Interest Bonds, and 2018 Crossover Refunding Bonds of $30,715,000, the proceeds of which were used to refund a portion of the outstanding balance of the Election of 2006, Series 2008 Capital Appreciation Bonds.

In November 2015, the District issued 2015 General Obligation Refunding Bonds totaling $31,944,341. Of the total issued, $6,725,000 were issued as Current Interest Bonds, and $25,219,341were issued as Capital Appreciation Bonds. The proceeds of the 2015 GO Refunding Bonds were used to refund all of the outstanding 2005 GO Refunding Bonds, advance refund certain remaining maturities of the Election of 2006, Series 2008 Capital Appreciation Bonds, and advance refund certain remaining maturities of the Election of 2006, Series 2010 GO Bonds.

The proceeds of the Bonds were used to renovate and expand educational facilities and refund bonds previously issued.

The annual debt service requirements of the bonds are as follows:

For the Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ 3,243,387	$ 4,414,738	$ 7,658,125
2020	2,786,272	3,987,178	6,773,450
2021	2,998,081	3,928,669	6,926,750
2022	3,214,738	3,874,687	7,089,425
2023	2,961,741	3,735,409	6,697,150
2024-2028	17,556,592	17,782,022	35,338,614
2029-2033	25,790,621	29,321,429	55,112,050
2034-2038	26,144,261	29,705,589	55,849,850
2039-2043	32,311,768	24,736,181	57,047,949
2044-2048	14,012,275	18,503,238	32,515,513
Total Debt Service	$ 131,019,736	$ 139,989,140	$ 271,008,876

7. CALPERS PENSION PLAN

General Information about the PERS Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor

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

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

	CalPERS	
	Classic	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	7.0%	6.0%
Required employer contribution rates	15.531%	15.531%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the District's contributions were $981,737.

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 shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
CalPERS	$ 10,854,889

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 increased beginning net position by $1,117,642 to reduce its beginning CalPERS net pension obligation due to corrections in its proportionate share calculations.

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

	CalPERS
Proportion - June 30, 2017	0.04280%
Proportion - June 30, 2018	0.04547%
Change - Increase/(Decrease)	0.00267%

For the year ended June 30, 2018, the District recognized pension expense of $2,157,402 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:

	CalPERS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 1,585,527	$ 127,803
Differences between Expected and Actual Experience	388,886	-
Differences between Projected and Actual Investment Earnings	375,505	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	7,718
Change in Employer's Proportion	452,198	111,867
Pension Contributions Made Subsequent to Measurement Date	981,737	-
Total	$ 3,783,853	$ 247,388

The District reported $981,737 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:

Fiscal Year Ending June 30:	**Outflows/(Inflows) of Resources CalPERS**
2019	$ 786,928
2020	1,118,187
2021	855,241
2022	(205,626)
2023	-
Thereafter	-
Total	$ 2,554,730

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a 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. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

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

		CalPERS
1% Decrease		6.15%
Net Pension Liability	$	15,971,020
Current		7.15%
Net Pension Liability	$	10,854,889
1% Increase		8.15%
Net Pension Liability	$	6,610,630

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

8. CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (STRS) PENSION PLAN

General Information about the STRS Pension Plan

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

Benefits Provided - STRS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The cost of living adjustments for the Plan are applied as specified by the retirement Law.

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

	CalSTRS	
	Tier 1	Tier 2
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a % of eligible compensation	2.000%	2.000%
Required employee contribution rates	10.250%	9.205%
Required employer contribution rates	14.430%	14.430%

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

For the year ended June 30, 2018, the District's contributions were as follows:

	CalSTRS
Employer Contributions	$ 3,635,579
State Contributions	1,479,579
Total	$ 5,115,158

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/(Asset)
District	$ 43,465,130
State	16,155,989
Total	$ 59,621,119

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 increased beginning net position by $1,029,561 to reduce its beginning CalSTRS net pension obligation due to corrections in its proportionate share calculations. The state contributed 8.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2046-2047.

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

	CalSTRS
Proportion - June 30, 2017	0.04500%
Proportion - June 30, 2018	0.04700%
Change - Increase/(Decrease)	0.00200%

For the year ended June 30, 2018, the District recognized pension expense of $3,206,300 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:

	CalSTRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	$ 8,052,510	$ -
Differences between Expected and Actual Experience	160,740	758,110
Differences between Projected and Actual Investment Earnings	-	1,157,610
Differences between Employer's Contributions and Proportionate Share of Contributions	1,332,620	53,175
Change in Employer's Proportion	3,493,669	3,168,771
Pension Contributions Made Subsequent to Measurement Date	3,635,579	-
Total	$ 16,675,118	$ 5,137,666

The District reported $3,635,579 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:

Fiscal Year Ending June 30:	Outflows/(Inflows) of Resources CalSTRS
2019	$ 578,060
2020	2,268,885
2021	1,645,665
2022	511,790
2023	1,095,448
Thereafter	1,802,025
Total	$ 7,901,873

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.75%
Payroll Growth	3.50%
Projected Salary Increase	(1)
Investment Rate of Return	7.50% (2)
Mortality	(3)

(1) Varies by age and service. Approximately 6% average over career including inflation

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

(3) Derived using CalSTRS' membership data for all funds

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

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

Asset Class	**New Strategic Allocation**	**Long-Term Expected Rate of Return** [1]
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return / Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash / Liquidity	2.00%	-1.00%
Total	100.00%	

[1] 20 year average

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

		CalSTRS
1% Decrease		6.10%
Net Pension Liability	$	63,821,300
Current		7.10%
Net Pension Liability	$	43,465,130
1% Increase		8.10%
Net Pension Liability	$	26,945,570

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

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan including medical, dental, and vision benefits for the below groups of employees.

Benefits

The following summarizes the benefits in the plan:

	Certificated	Classified
Benefit types provided	Medical and Medicare Part B only*	Medical and Medicare Part B only*
Duration of benefits	Lifetime**	Lifetime
Required service	5 years at age 60; Prior to age 60, one additional year per year prior to age 60***	5 years at age 60; Prior to age 60, one additional year per year prior to age 60***
Minimum age	55	50****
Dependent coverage	None	None
District contribution %	100%	100%
District cap	$325 per month*	$341 per month*

*Up to 5 years of dental benefits may be provided to those retiring prior to 4/1/07. For classified retirees, the dental premium is subject to the cap. For certificated retirees, it is not.
**Those hired after 4/1/07 receive only CalPERS statutory minimum after Medicare age
***Also requires an additional 5 years of service either at Menlo Park City SD or another public school district.
****For those hired after 4/1/07, minimum of 20 years and age 60.

Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	344
Inactive employees	124
Total employees	468

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions to the OPEB plan during the year were $653,622. Total benefit payments included in the measurement period were $462,217. The actuarially determined contribution for the measurement period was $811,618. The District's contributions were 1.9% of payroll during the measurement period June 30, 2017 (reporting period June 30, 2018). Employees are not required to contribute to the plan.

Actuarial Assumptions

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

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	4.00%
Mortality	2009 CalSTRS and 2014 CalPERS Misc
Retirement	2009 CalSTRS Hired < 2013 2009 CalPERS Hired > 2013 2009 CalPERS 2%@60

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution 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 cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
US Large Cap	43.00%	7.795%
US Small Cap	23.00%	7.795%
Long-Term Corporate Bonds	12.00%	5.290%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation-Protected Securities (TIPS)	5.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
Total	100.00%	

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2017 (measurement date) and was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date).

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018:

Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30,2017	$ 7,932,834	$ 1,512,580	$ 6,420,254
Service cost	204,195	-	204,195
Interest in Total OPEB Liability	546,071	-	546,071
Employer contributions	-	595,824	(595,824)
Benefit payments	(462,217)	(462,217)	-
Other	-	-	-
Net changes	288,049	287,300	749
Balance at June 30, 2018	$ 8,220,883	$ 1,799,880	$ 6,421,003

Covered Payroll at Measurement Date	$ 31,420,772
Total OPEB Liability as a % of covered payroll	26.16%
Plan Fid. Net Position as a % of Total OPEB Liability	21.89%
Service cost as a % of covered payroll	0.65%
Net OPEB Liability as a % of covered payroll	20.44%

Deferred Inflows and Outflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ -	$ -
Difference between actual and expected earnings	-	-
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	653,622	-
Totals	$ 653,622	$ -

Of the total amount reported as deferred outflows of resources related to OPEB, $653,622 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019.

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2018:

Service cost	$ 204,195
Interest in TOL	546,071
Expected investment income	(155,019)
Other	-
Employee contributions	-
Difference between actual and expected experience	-
Difference between actual and expected earnings	-
Change in assumptions	-
Administrative expenses	1,326
OPEB Expense	**$ 596,573**

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018:

Net OPEB liability ending	$ 6,421,003
Net OPEB liability begining	(6,420,254)
Change in net OPEB liability	749
Changes in deferred outflows	-
Changes in deferred inflows	-
Employer contributions and implict subsidy	595,824
OPEB Expense	**$ 596,573**

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
		7.0%	
	(1% Decrease)	(Current Rate)	(1% Increase)
Net OPEB Liability (Asset)	$ 6,146,342	$ 6,421,003	$ 6,848,589

Sensitivity to Changes in the Healthcare Cost Trend Rates

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

	Trend Rate		
		4%	
	(1% Decrease)	(Current Rate)	(1% Increase)
Net OPEB Liability (Asset)	$ 7,347,626	$ 6,421,003	$ 5,644,315

10. COMMITMENTS AND CONTINGENCIES

Litigation

Various claims involving the District arise during the normal course of business. However, management believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District’s financial position or results of operations.

Federal and State Allowances, Awards and Grants

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

11. JOINT POWERS AGREEMENTS

The District participates in a joint venture under a joint powers agreement (JPA) with San Mateo County Schools Insurance Group (SMCSIG) for property and liability, workers' compensation, vision, and dental insurance. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and provides for various types of insurances for its member districts as requested. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The following is a summary of the SMCSIG JPA's most recent financial statement information:

	SMCSIG June 30, 2017
Total Assets and Deferred Outflows	$ 24,662,939
Total Liabilities and Deferred Inflows	11,623,166
Total Equity	13,039,773
Total Revenues	43,968,233
Total Expenditures	42,333,857

REQUIRED SUPPLEMENTARY INFORMATION

Menlo Park City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (GAAP)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
Revenues:				
LCFF sources	$ 31,894,673	$ 32,650,907	$ 32,699,962	$ 49,055
Federal	631,500	713,353	646,355	(66,998)
Other state	2,738,348	2,765,457	2,896,314	130,857
Other local	13,065,753	13,266,035	13,625,986	359,951
Total revenues	48,330,274	49,395,752	49,868,617	472,865
Expenditures:				
Certificated salaries	24,790,904	25,159,529	25,192,689	(33,160)
Classified salaries	6,742,693	6,883,656	6,973,080	(89,424)
Employee benefits	11,028,517	10,814,906	10,794,971	19,935
Books and supplies	1,348,788	1,287,400	1,422,865	(135,465)
Services and other operating expenditures	3,164,225	4,076,270	4,115,727	(39,457)
Capital outlay	50,000	55,631	55,631	-
Other outgo	337,000	488,755	495,849	(7,094)
Total expenditures	47,462,127	48,766,147	49,050,812	(284,665)
Excess (deficiency) of revenues over (under) expenditures	868,147	629,605	817,805	188,200
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(198,000)	(198,000)	-
Total other financing sources (uses)	-	(198,000)	(198,000)	-
Changes in fund balance	$ 868,147	$ 431,605	619,805	$ 188,200
Fund balance beginning			13,958,960	
Fund balance ending			$ 14,578,765	

The budgetary control level is by object on the modified accrual basis per U.S. GAAP. Expenditures can not legally exceed appropriations by maor object. The above excesses were not in accordance with Education Code 42600.

Menlo Park City School District
Schedule of Pension Plan Contributions
For the Fiscal Year Ended June 30, 2018

CalPERS	2018	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	$ 981,737	$ 805,268	$ 608,635	$ 576,663
Contributions in Relation to Actuarially Determined Contributions	981,737	805,268	608,635	576,663
Contribution Deficiency (Excess)	-	-	-	-
Covered Employee Payroll	**$ 6,321,145**	**$ 5,798,301**	**$ 5,137,331**	**$ 4,899,015**
Contributions as a Percentage of Covered Payroll	**15.53%**	**13.89%**	**11.85%**	**11.77%**

Notes to Schedule:

Valuation Date: June 30, 2016

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
4 Years Remaining Amortization Period
Inflation Assumed at 2.75%
Investment Rate of Returns set at 7.5%
CalPERS mortality table using 20 years of membership data for all funds

STRS	2018	2017	2016	2015
Contractually Required Contributions (Actuarially Determined)	$ 3,635,579	$ 3,122,481	$ 2,458,365	$ 1,999,983
Contributions in Relation to Actuarially Determined Contributions	3,635,579	3,122,481	2,458,365	1,999,983
Contribution Deficiency (Excess)	-	-	-	-
Covered Employee Payroll	**$ 25,194,588**	**$ 24,820,994**	**$ 22,911,137**	**$ 22,522,331**
Contributions as a Percentage of Covered Payroll	**14.43%**	**12.58%**	**10.73%**	**8.88%**

Notes to Schedule:

Valuation Date: June 30, 2016

Assumptions Used:
Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll
7 Years Remaining Amortization Period
Inflation Assumed at 3.00%
Investment Rate of Returns set at 7.50%
STRS mortality table using membership data for all funds

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

Menlo Park City School District
Schedule of Proportionate Share of Net Pension Liabilities
For the Fiscal Year Ended June 30, 2018

CalPERS	2018	2017	2016	2015
District's Proportion of Net Pension Liability	0.04547%	0.06690%	0.04409%	0.04085%
District's Proportionate Share of Net Pension Liability	$ 10,854,889	$ 13,213,000	$ 6,499,000	$ 4,637,000
District's Covered Employee Payroll	$ 5,798,301	$ 5,137,331	$ 4,899,015	$ 4,278,229
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**187.21%**	**257.20%**	**132.66%**	**108.39%**
Plan's Fiduciary Net Position as a % of the TPL	**71.87%**	**73.90%**	**79.43%**	**83.38%**

STRS	2018	2017	2016	2015
District's Proportion of Net Pension Liability	0.04700%	0.04597%	0.04852%	0.04806%
District's Proportionate Share of Net Pension Liability	$ 43,465,130	$ 37,182,000	$ 32,668,000	$ 28,085,000
District's Covered Employee Payroll	$ 24,820,994	$ 22,911,137	$ 22,522,331	$ 21,406,000
District's Proportionate Share of NPL as a % of Covered Employee Payroll	**175.11%**	**162.29%**	**145.05%**	**131.20%**
Plan's Fiduciary Net Position as a % of the TPL	**69.46%**	**70.04%**	**74.02%**	**76.52%**

Fiscal year 2015 was the first year of implementation, therefore only four years are shown.
There were no changes in benefit terms
PERS discount rates were reduced from 7.5 to 7.65 in 2017 and then again to 7.15 in 2018.
STRS discount rates were reduced from 7.60 in 2017 to 7.10 in 2018.

Menlo Park City School District
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2018

		Fiscal Year Ended June 30, 2018
Actuarially determined contribution (ADC)	$	811,618
Less: actual contribution in relation to ADC		(653,622)
Contribution deficiency (excess)	$	157,996
Covered payroll for the fiscal year	$	32,284,843
Contributions as a percentage of covered payroll		2.02%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry-Age Level Percent of Pay
Amortization Period:	20 years
Actuarial Assumptions:	
Discount Rate	4.00%
Inflation	2.75%
Salary Increases	2.75%
Healthcare Trend Rate	3.00%
Investment Rate of Return	7.00%
Mortality	2009 CalSTRS and 2014 CalPERS Misc
Retirement	2009 CalSTRS Hired < 2013 2009 CalPERS Hired > 2013 2009 CalPERS 2%@60

Other Notes

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

Menlo Park City School District

Schedule of Changes in Net OPEB Liability
For the Fiscal Year Ended June 30, 2018

Total OPEB liability	**Fiscal Year Ended June 30, 2018**
Service cost	$ 204,195
Interest	546,071
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(462,217)
Implicit subsidy fullfilled	-
Net change in Total OPEB Liability	288,049
Total OPEB Liability - beginning	7,932,834
Total OPEB Liability - ending	$ 8,220,883
Plan fiduciary net position	
Employer contributions	$ 595,824
Employer implict subsidy	-
Employee contributions	-
Net investment income	155,019
Difference between estimated and actual earnings	-
Benefit payments	(462,217)
Implicit subsidy fullfilled	-
Other	-
Administrative expense	(1,326)
Net change in plan fiduciary net position	287,300
Plan fiduciary net position - beginning	1,512,580
Plan fiduciary net position - ending	$ 1,799,880
Net OPEB liability (asset)	$ 6,421,003
Plan fiduciary net position as a percentage of the total OPEB liability	21.89%
Covered employee payroll for the plan	$ 31,420,772
Net OPEB Liability as a percentage of covered payroll	20.44%
Total OPEB Liability as a percentage of covered payroll	26.16%

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

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds
Combining Schedules

Menlo Park City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds		Capital Projects Funds				
	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Assets							
Cash and investments	$ 41,089	$ 1,654,702	$ 290,795	$ 446,872	$ 51,807	$ 653,322	$ 3,138,587
Accounts receivable	23,403	4,475	1,282	142,349	125	3,086	174,720
Total Assets	$ 64,492	$ 1,659,177	$ 292,077	$ 589,221	$ 51,932	$ 656,408	$ 3,313,307
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	$ 18,871	$ 60,660	$ 21,836	$ 1,640	$ -	$ 4,494	$ 107,501
Due to other funds	26,066	-	-	-	-	-	26,066
Total Liabilities	44,937	60,660	21,836	1,640	-	4,494	133,567
Fund balances:							
Restricted for:							
Facilities projects	-	-	-	-	51,932	-	51,932
Cafeteria programs	19,555	-	-	-	-	-	19,555
Deferred maintenance	-	1,598,517	-	-	-	-	1,598,517
Assigned for:							
Capital projects	-	-	270,241	587,581	-	651,914	1,509,736
Total Fund Balances	19,555	1,598,517	270,241	587,581	51,932	651,914	3,179,740
Total Liabilities and Fund Balances	$ 64,492	$ 1,659,177	$ 292,077	$ 589,221	$ 51,932	$ 656,408	$ 3,313,307

Menlo Park City School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds		Capital Projects Funds				
	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Totals
Revenues:							
LCFF Sources	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal	119,372	-	-	-	-	-	119,372
Other state	7,219	660,000	-	-	51,808	-	719,027
Other local	415,151	15,627	4,691	609,624	124	10,032	1,055,249
Total revenues	541,742	675,627	4,691	609,624	51,932	10,032	1,893,648
Expenditures:							
Pupil services:							
Food services	497,660	-	-	-	-	-	497,660
General administration:							
All other general administration	26,066	-	-	-	-	-	26,066
Plant services	-	407,009	151,234	76,857	-	108,361	743,461
Total expenditures	523,726	407,009	151,234	76,857	-	108,361	1,267,187
Excess (deficiency) of revenues over (under) expenditures	18,016	268,618	(146,543)	532,767	51,932	(98,329)	626,461
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Changes in fund balances	18,016	268,618	(146,543)	532,767	51,932	(98,329)	626,461
Fund balances beginning	1,539	1,329,899	416,784	54,814	-	750,243	2,553,279
Fund balances ending	$ 19,555	$ 1,598,517	$ 270,241	$ 587,581	$ 51,932	$ 651,914	$ 3,179,740

STATE AND FEDERAL AWARD COMPLIANCE SECTION

The Menlo Park City School District, a political subdivision of the State of California, was established in 1880, and is comprised of an area of approximately 5.7 square miles in San Mateo County. There were no changes in the District's boundaries in the current year. The District currently is operating three elementary schools and one intermediate school.

The Board of Education for the fiscal year ended June 30, 2018, was comprised of the following members:

Governing Board

Name	Office	Term Expires
Terry Thygesen	President	2018
David Ackerman	Vice President/Clerk	2020
Caroline Lucas	Member	2020
Joan Lambert	Member	2018
Stacey Jones	Member	2022

Administration

Mr. Erik Burmeister
Superintendent

Ahmad Sheikholeslami
Chief Business and Operations Officer

Menlo Park City School District
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Total ADA		**Classroom Based**	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA:				
Grades TK/K through three	1,282.76	1,290.88	1,282.76	1,290.88
Grades four through six	972.06	982.22	972.06	982.22
Grades seven and eight	612.64	618.81	612.64	618.81
Regular ADA Totals	2,867.46	2,891.91	2,867.46	2,891.91
Extended year Special educationL				
Grades TK/K through three	0.81	0.81	0.81	0.81
Grades four through six	0.58	0.58	0.58	0.58
Grades seven and eight	0.11	0.11	0.11	0.11
Special education - nonpublic, nonsect schools:				
Grades four through six	0.90	0.92	0.90	0.92
Grades seven and eight	0.96	0.96	0.96	0.96
Extended year special education - nonpublic, nonsect schools:				
Grades four through six	0.11	0.11	0.11	0.11
ADA Totals	2,870.93	2,895.40	2,870.93	2,895.40

Menlo Park City School District
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

Grade Level	Minutes Requirements	2018 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	52,680	180	0	In Compliance
Grade 1	50,400	52,680	180	0	In Compliance
Grade 2	50,400	52,680	180	0	In Compliance
Grade 3	50,400	55,230	180	0	In Compliance
Grade 4	54,000	55,230	180	0	In Compliance
Grade 5	54,000	55,230	180	0	In Compliance
Grade 6	54,000	59,466	180	0	In Compliance
Grade 7	54,000	59,466	180	0	In Compliance
Grade 8	54,000	59,466	180	0	In Compliance

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District has not met or exceeded its target funding.

The purpose of this schedule is to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit. There were no charter schools to be reported.

Menlo Park City School District
Schedule of Financial Trends and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2018

	(Budget) 2019	2018	2017	2016
General Fund				
Revenues and other financial sources	$ 51,281,847	$ 49,868,617	$ 45,936,852	$ 44,636,332
Expenditures	51,534,753	49,050,812	47,383,845	43,396,222
Other uses and transfers (out)	-	198,000	-	-
Total outgo	51,534,753	49,248,812	47,383,845	43,396,222
Change in fund balance	(252,906)	619,805	(1,446,993)	1,240,110
Ending fund balance	$ 14,325,859	$ 14,578,765	$ 13,958,960	$ 15,405,953
Available reserves [2]	$ 10,477,503	$ 9,575,966	$ 8,564,070	$ 6,936,994
Designated for economic uncertainty	$ 10,477,503	$ 9,575,966	$ 8,564,070	$ 6,936,994
Unassigned fund balance	$ -	$ -	$ -	$ -
Available reserves as a percentage of total outgo	20%	19%	18%	16%
Total long-term debt	$ 201,653,055	$ 204,896,442	$ 200,241,287	$ 190,726,878
Average daily attendance at P-2	2,915	2,871	2,877	2,854

Average daily attendance has increased by 17 over the past three years. The district anticipates an increase of 44 ADA for 2018.

The general fund balance has decreased by $827,188 over the past three years and operated at a surplus in two out of the last three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by $14,169,564 over the past three years.

[1] Budget numbers are based on the first adopted budget of the fiscal year 2018/19.

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

Menlo Park City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Program Name	Federal Catalog Number		Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Aid:				
Special Education Cluster				
IDEA Basic Local Assistance	84.027	[1]	13379	$ 460,090
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173	[1]	13431	246
Special Education: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	[1]	10115	17,718
IDEA Preschool Grants	84.173	[1]	13430	13,167
IDEA Preschool Local Entitlement	84.027A	[1]	13682	51,073
Total Special Education Cluster				542,294
Title I, Part A Cluster				
Title I, Part A, Basic Grants Low-Income & Neglected	84.010		14329	39,952
Total Title I, Part A Cluster				39,952
Title II Cluster				
Title II: Improving Teacher Quality	84.367		14341	31,598
Total Title II Cluster				31,598
Title III Cluster				
NCLB (ESEA): Title III, Immigration Education Program	84.365		15146	8,926
ESEA (ESSA) : Title III, English Learner Student Program	84.365		14346	23,585
Total Title III Cluster				32,511
TOTAL U.S. DEPARTMENT OF EDUCATION				646,355
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through California Department of Education				
Child Nutrition: School Programs	10.555		13524	119,372
TOTAL U.S. DEPARTMENT OF AGRICULTURE				119,372
TOTAL FEDERAL PROGRAMS				$ 765,727

[1] Audited as major program

Menlo Park City School District

Reconciliation of Annual Financial and Budget Report (SACS)

to the Audited Financial Statements

For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Interest & Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2018 Annual Financial and Budget Report Fund Balances	$ 13,440,558	$ 5,621,134	$ 4,317,947
Adjustments and Reclassifications:			
GASB 54 reclassifications	1,138,207	-	(1,138,207)
June 30, 2018 Audited Financial Statements Fund Balances	$ 14,578,765	$ 5,621,134	$ 3,179,740

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and has not met is local control formula funding formula target. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. Schedule of Charter Schools

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

D. Schedule of Financial Trends and Analysis

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

E. Schedule of Expenditures of Federal Awards

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance requirements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the SACS report to the audited financial statements.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEM

There were no material unreconciled differences between the District's records and the Schedule of Federal Grant Activity as shown on the Schedule of Expenditures of Federal Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
Menlo Park City School District
Menlo Park, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Menlo Park City School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion

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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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

November 18, 2018
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 CFR PART 200 (UNIFORM GUIDANCE)

Board of Trustees
Menlo Park City School District
Menlo Park, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Regulations, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

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compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

C & A LLP

November 18, 2018
San Jose, California

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS

The Honorable Board of Trustees
Menlo Park City School District
Menlo Park, California

Compliance

We have audited the Menlo Park City School District's (the District) 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*, published by the Education Audit Appeals Panel, that could have a direct and material effect on each of the District's state programs identified below for the year ended June 30, 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 for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards, and state audit guide, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the compliance audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials	Yes

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Description	Procedures Performed
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	N/A
After School	N/A
Before School	N/A
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A
Charter Schools:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study for Charter Schools	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

We did not perform the audit procedures for the Independent Study because the ADA was under the level that requires testing.

Opinion

In our opinion, Menlo Park City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2018.

C & A LLP

November 18, 2018
San Jose, California

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FINDINGS AND RECOMMENDATIONS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**
Internal control over financial reporting:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Non-compliance material to financial statements noted?	___ Yes _x_ No

Federal Awards

Internal control over major programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Type of auditor's report issued on compliance over major programs	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	___ Yes _x_ No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program
84.027	IDEA Basic Local Assistance
84.027	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619
84.173	IDEA Preschool Grants
84.027A	IDEA Preschool Local Entitlement
84.027	Special Education: IDEA Local Assistance, Part B, Sec 611

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low risk auditee?	___ Yes _x_ No

State Awards

Internal control over state programs:	
Material weaknesses?	___ Yes _x_ No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes _x_ No
Type of auditor's report issued on compliance over state programs:	**Unmodified**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - State Award Findings and Questioned Costs

None

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APPENDIX C

PROPOSED FORMS OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Menlo Park City School District
Atherton, California

Menlo Park City School District
2019 General Obligation Refunding Bonds (Federally Taxable)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Menlo Park City School District (the "District"), which is located in the County of San Mateo, California (the "County"), in connection with the issuance by the District of $41,340,000 aggregate principal amount of bonds designated as "Menlo Park City School District 2019 General Obligation Refunding Bonds (Federally Taxable)" (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on August 29, 2019 (the "Resolution"), and issued pursuant to a paying agent agreement, dated as of October 1, 2019 (the "Paying Agent Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

Subject to satisfaction of certain conditions and to the occurrence of certain events described under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds," Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, expects to be able to render on the Settlement Date its final approving opinion with respect to the 2020 Bonds in substantially the following form:

[Settlement Date]

Board of Education
Menlo Park City School District
Atherton, California

Menlo Park City School District
<u>2020 General Obligation Refunding Bonds (Forward Delivery)</u>
(Form of Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Menlo Park City School District (the "District"), which is located in the County of San Mateo, California (the "County"), in connection with the issuance by the District of $3,365,000 aggregate principal amount of bonds designated as "Menlo Park City School District 2020 General Obligation Refunding Bonds (Forward Delivery)" (the "Bonds"). The Bonds are authorized by a resolution adopted by the Board of Education of the District on August 29, 2019 (the "Resolution"), and issued pursuant to a paying agent agreement, dated as of April 1, 2020 (the "Paying Agent Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the "Tax Certificate"), certificates of the District and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
2019 GENERAL OBLIGATION REFUNDING BONDS
(FEDERALLY TAXABLE)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Menlo Park City School District (the "District") in connection with the issuance of $41,340,000 aggregate principal amount of Menlo Park City School District 2019 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on August 29, 2019 (the "Resolution"), and in accordance with the terms of a Paying Agent Agreement, dated as of October 1, 2019 (the "Paying Agent Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the 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 final official statement dated September 10, 2019 relating to the Bonds.

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(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), 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 statement of the District, the Annual Report shall also include the following:

* Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

* District average daily attendance for the last completed fiscal year.

* District outstanding debt as of June 30 of the last completed fiscal year.

* Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County, for the then current fiscal year.

* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County, for the then current fiscal year.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange 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. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Keygent LLC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of San Mateo or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 8, 2019.

MENLO PARK CITY SCHOOL DISTRICT

By: ____
Chief Business and Operations Officer

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	MENLO PARK CITY SCHOOL DISTRICT
Name of Bond Issues:	MENLO PARK CITY SCHOOL DISTRICT 2019 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY TAXABLE)
Date of Issuance:	October 8, 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 the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

MENLO PARK CITY SCHOOL DISTRICT

By: ___________[to be signed only if filed]___________

MENLO PARK CITY SCHOOL DISTRICT
(County of San Mateo, California)
2020 GENERAL OBLIGATION REFUNDING BONDS
(FORWARD DELIVERY)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Menlo Park City School District (the "District") in connection with the issuance of $3,365,000 aggregate principal amount of Menlo Park City School District 2020 General Obligation Refunding Bonds (Forward Delivery) (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the Board of Education of the District on August 29, 2019 (the "Resolution"), and in accordance with the terms of a Paying Agent Agreement, dated as of April 1, 2020 (the "Paying Agent Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Keygent LCC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and 5(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the 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 final official statement dated September 10, 2019 relating to the Bonds.

"Participating Underwriter" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2020 (which is due no later than April 1, 2021), provide to the Participating Underwriter and the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) business days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

If the Paying Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Paying Agent shall send a notice, in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(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), 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 statement of the District, the Annual Report shall also include the following:

* Adopted budget of the District for the current fiscal year, or a summary thereof, and any interim budget reports approved as of the date of filing of the Annual Report.

* District average daily attendance for the last completed fiscal year.

* District outstanding debt as of June 30 of the last completed fiscal year.

* Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County, for the then current fiscal year.

* Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County, for the then current fiscal year.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or

8. Incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten (10) business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in its Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Keygent LLC.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of San Mateo or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2020.

MENLO PARK CITY SCHOOL DISTRICT

By: ____

Chief Business and Operations Officer

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	MENLO PARK CITY SCHOOL DISTRICT
Name of Bond Issue:	MENLO PARK CITY SCHOOL DISTRICT 2020 GENERAL OBLIGATION REFUNDING BONDS (FORWARD DELIVERY)
Date of Issuance:	__________, 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

MENLO PARK CITY SCHOOL DISTRICT

By: ____________[to be signed only if filed]___________

APPENDIX E

COUNTY OF SAN MATEO
INVESTMENT POLICY AND INVESTMENT REPORT

The following information has been furnished by the Office of the Treasurer-Tax Collector, County of San Mateo. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the County Treasurer and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Treasurer-Tax Collector, 555 County Center, 1st Floor, Redwood City, California 94063.

The Board of Supervisors (the "Board") of the County adopted its 2018 investment policy statement (the "County Investment Policy") on June 4, 2019. State law requires the Board to approve any changes to the investment policy.

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SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2019

Approved by the
San Mateo County Board of Supervisors
Updated Date: June 4, 2019
Resolution: 076692

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SAN MATEO COUNTY

Investment Policy Statement

Calendar Year 2019

I. Introduction

It is the policy of the San Mateo County Treasurer to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants, achieving the highest yield while conforming to all applicable statutes and resolutions governing the investment of public funds.

To meet liquidity and long term investing needs, the County has established the County Investment Pool. This fund is suitable for planned expenditures or capital funds.

II. Delegation of Authority

By Resolution #076370, approved on January 8, 2019 the County Board of Supervisors has delegated to the Treasurer authority to invest and reinvest the funds of the County and other depositors as specified in California Government Code Sections §27000.1 and §53607 for the period calendar year 2019. The Treasurer may delegate investment authority to whoever has been retained to perform the investment function.

III. Policy Statement

This Investment Policy establishes cash management and investment guidelines for the Treasurer, and those to whom he/she delegates investment authority, who are responsible for the stewardship of the San Mateo County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be monitored and judged by the standards of this Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to policy.

The Treasurer will annually render to the Board of Supervisors and any Oversight Committee a statement of investment policy, which the Board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the Board at a public meeting.

IV. Standard of Care

The Treasurer is a fiduciary of the pooled investment fund and therefore subject to the prudent investor standard. The Treasurer, employees involved in the investment process and members of the San Mateo County Treasury Oversight Committee shall refrain from all personal business activities that could conflict with the management of the investment program.

All individuals involved will be required to report all gifts and income in accordance with California state law. (See Section XXI)

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer, and those to whom he/she delegates investment authority, shall act with due professional care, skill, prudence and diligence taking into consideration circumstances then prevailing, including, but limited to, general economic conditions and anticipated needs of the County and other depositors. This should be accomplished with the care that a prudent person acting in a like capacity would use to safeguard the principal and maintain the liquidity needs of the County and other depositors.

As outlined in the California Government Code Section §27000.3, the standard of prudence to be used by the County investment officers shall be the “prudent investor” standard and shall be applied in the context of managing the portfolio. Investment officers shall act in accordance with written procedures and the investment policy, exercise due diligence, report in a timely fashion, and implement appropriate controls for adverse development.

V. Investment Objectives

The San Mateo County Pool shall be prudently invested in order to preserve principal while earning a reasonable rate of return while awaiting application for governmental purposes. Investments should be made with precision and care considering the safety of the principal investment, as well as the income to be derived from the investment. The specific objectives for the program are ranked in order of importance:

A. Safety of Principal - The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

Credit Risk - Defined as an issuer(s) ability and willingness to repay interest and principal. Credit risk shall be minimized by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants. Credit rating evaluations for all securities are monitored on a consistent basis.
Market Risk - Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities; market risk will be minimized by establishing the maximum Weighted Average Maturity of the pool at three years. The maximum allowable maturity for any instrument in the pool at time of purchase is 7 years (Treasuries and Agencies only). Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

B. Liquidity

The Treasurer’s Office attempts to match maturities with its 15 month projected cash flow. The nature of the planning process behind the cash flow of the pool is relatively predictable and less volatile than is the case of discretionary money.

This allows leeway for some of the underlying investments in the County Pool to maintain a somewhat longer duration.

C. Yield

The County Pool is designed as an income fund to maximize the return on investable funds over various market cycles, consistent with the pool's first priority of safeguarding principal. Yield will be considered only after the basic requirements of safety and liquidity have been met. The County Pool is managed as an income fund whose purpose is to provide its investors with a reasonably predictable level of income, as opposed to a growth fund or fund measured on the basis of total return.

VI. Management Style and Strategy

This policy describes the County's strategic investment objective, risk tolerance and investment constraints. The County Treasurer or designee, at the Treasurer's discretion, prepares an economic outlook and evaluates the capital markets environment. The investment programs reflect a common strategy that is based on conservative principles of fixed income portfolio management consistently applied in a disciplined fashion.

VII. Authorized Investments

Subject to the limitations set forth in California Government Code §53600 et seq. which may be amended from time to time, the Treasurer may invest in the following instruments, subject to the limits described in the following sections. Long-term credit ratings, where shown, specify the minimum credit rating category required at time of purchase without regard to modifiers (e.g. +/- or 1,2,3) if any. As noted previously, all securities purchased shall be regularly monitored and re-evaluated should their ratings be downgraded below the minimum investment grade level required of the Pool. The Treasury Oversight Committee will be notified, within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame. Decisions regarding the holding of, or the potential sale of, securities are based on factors such as remaining time to maturity and the need for liquidity in the Pool.

Where a percentage limitation of eligible security percentages and maximum maturity is established, for the purpose of determining investment compliance, that maximum amount will be applied on the date of trade settlement. Therefore, depending on the liquidation of other securities and the performance of other securities in the pool, the percentage of the pool of any given security or instrument could exceed the initial percentage limitations without violating the Investment Policy.

A. U.S. Treasury Securities

United States Treasury bills, notes, bond or certificates of indebtedness, for which the full faith and credit of the United States is pledged for the payment of principal and interest. The maximum maturity of U.S. Treasury Securities is 7 years.

B. U.S. Government Agency/GSE (Government Sponsored Enterprise)

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government sponsored enterprise. The maximum percent of the fund per issuer is 40%. The maximum percent of the fund for U.S. Agencies Callables Securities is 25%. U.S. Government Agency/GSE securities must be rated AA, long-term, or A-1, Short-term, or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The maximum maturity for Agency Securities is 7 years.

C. Commercial Paper

At the time of purchase, commercial paper must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch) and a long term rating of single A or better when applicable. Eligibility is limited to U.S. organized and operating corporations. Corporations must have assets in excess of $5 Billion and have an A rating or better on the issuer's debt other than commercial paper by at least two of the three nationally recognized rating services. Maturities may not exceed 270 days. Purchases of commercial paper will not exceed 40% of the pool's investable money.

D. Negotiable Certificates of Deposit

Negotiable certificates are negotiable money market instruments that trade on the open market. At the time of purchase, negotiable certificates of deposit must be rated either A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch) and a long term rating of single A or better when applicable. These certificates must be issued by a U.S. National or State chartered bank or state or federal association (as defined by section 5102 of the California Financial Code) or by a state licensed branch of a foreign bank. Eligible foreign banks must have branches or agencies in the U.S. Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Negotiable Certificates of Deposit will not exceed 30% of the pool.

E. Bankers Acceptance

A Bankers Acceptance (BA) is a draft drawn and accepted by banks that is based upon funds that will pay its face value at maturity. The security is normally traded at a discounted price. Because the accepting institution is obligated to pay for the bill, a Bankers Acceptance is considered less risky than commercial paper.

At the time of purchase, BAs must be rated A-1/P-1/F1 or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch) and a long term rating of single A or better if applicable. BAs are primarily used to finance international trade. BAs are timed drafts (bills of exchange) drawn on and accepted by a commercial bank Issuers must be a corporation with total assets in excess of $5 Billion. Purchases of Bankers Acceptances will not exceed 15% of the pool for domestic commercial banks and 15% of the pool for foreign commercial banks.

F. Collateralized Time Deposits

Collateralized Certificates of Deposit must comply with Bank Deposit Law. Purchases of Collateralized Certificates of Deposit will not exceed 15% of the pool.

G. Mortgage Backed Securities and Asset Backed Securities

A. Mortgage Backed Securities
The issuer of these securities must be rated "A" or higher and the issue itself must be rated "AA" or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Mortgage Backed Securities and Asset Backed Securities will not exceed 20% of the pool.

The allowable types of Mortgage Backed Securities include the following:

1. U.S. Government Agency Mortgage pass-through securities.
2. Collateralized Mortgage Obligations (CMO) where the underlying mortgages have U.S. government backing.

B. Asset Backed Securities
The issuer of these securities must be rated "AAA" by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities shall have a maximum remaining maturity of five years. Combined holdings of Asset Backed Securities and Mortgage backed Securities will not exceed 20% of the pool.

The allowable types of Asset Backed Securities include the following:

1. Equipment lease back certificates.
2. Consumer receivable backed bonds.
3. Auto loan receivable backed bonds.

H. Corporate Securities

The maximum maturity for corporate securities is five years. Eligible securities shall be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. At the time of purchase, corporate securities must be rated A or better by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Securities in this classification must be dollar denominated and registered with the Securities and Exchange Commission and be publicly traded or at least have undergone shelf registration. If a security is owned and downgraded below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action to be taken if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Purchases of Corporate Securities shall not exceed 30% of the pool. At the time of purchase a maximum of 25% of the entire core position of 30% can be rated single A by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). The remaining 75% must be AA rated or higher. For purposes of determining compliance with this requirement, a security's rating will be determined by its highest rating by either S&P, Moody's, or Fitch. There is a 5% limitation of the fund in any single issuer of Money Market/Corporate Securities, however, the Pool has a target of holding no more than 3%. The 3% target may be exceeded under exceptional circumstances. (i.e.: peak tax collection periods, G.O. Bond issuances, etc.) when there is a large influx of cash.

I. US Instrumentalities

United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA" or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Purchases of US Instrumentalities are not to exceed 30% of the pool.

J. CA Municipal Obligations

Registered state warrants or municipal notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state. Investments under this subdivision shall be rated "AA" or higher by at least two of the three nationally recognized rating services (S&P, Moody's and Fitch). Such investments shall have a maximum security of five years or less, and shall not exceed 30% of the pool, 5% per issuer. The foregoing investments shall be limited to the General Obligation (GO) bonds, Tax & Revenue Anticipations Notes (TRANs), or other debt, which is issued by the state of California, the University of California Regents or the California State University Regents.

K. Repurchase Agreements

Repurchase Agreements must be executed with dealers with whom the County has written agreements and are either banking institutions that meet the rating requirements of this policy or dealers who report to the Market Reports Division of the Federal Reserve Bank of N.Y. (Primary Dealers). All transactions must be collateralized at 102% of current value plus accrued interest and must be marked to market daily. The only acceptable collateral for these transactions include Treasuries or Agencies with a maximum maturity of seven years.

For purposes of this authorized investments section, the term “Repurchase Agreement” means a purchase of a security by the County pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified dollar amount and will deliver the underlying securities to the County by book entry. All County pool transactions are conducted through the County custodian on a payment vs. delivery basis. When the transaction is unwound, the transfer of the underlying securities will revert to the counter party’s bank account by book entry. The term “Counter party” means the other party to the transaction with the County. The Counter Party, or its parent, must have a short-term rating of A-1, P-1 or F1 by at least two of the three nationally recognized rating services (S&P, Moody’s and Fitch). The maximum allowable term of a repurchase agreement shall not exceed 92 days.

L. Local Agency Investment Fund (LAIF)

The Local Agency Investment Fund (LAIF) is an investment fund run by the Treasurer of the State of California to pool local agency monies. LAIF will be used as a comparative fund to the County’s pool. The maximum percent of the fund that can be invested is up to the current State limit.

M. Mutual Funds

Shares of beneficial interest issued by diversified management companies as defined in Government Code Section § 53601. Purchases of Mutual Funds will not exceed 10% of the pool.

N. Local Government Investment Pools (LGIPs)

Shares of beneficial interest issued by a joint power’s authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized by the Government Code. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. Purchases are limited to LGIPs that seek to maintain a stable share price and will not exceed 10% of the pool, 5% aggregate.

VIII. Security Lending

Security Lending is a temporary exchange of portfolio assets for acceptable collateral between a lender and an approved borrower. The additional income generated from this transaction can be used to enhance portfolio performance. This process can be summarized in three key steps:

A. The Security Lending agent lends securities from our portfolio to an approved borrower at a negotiated rate. The negotiated rate is dependent upon the level of demand for the securities.

B. The Security Lending agent invests the cash collateral in highly liquid, short duration, high credit quality instruments approved by our investment policy.

C. The earnings generated net of rebates from these transactions are split between the third party agent and the County based on the contract agreement.

Our contract with The Bank of New York requires daily reporting of the securities borrowed, the borrowers, and the short term investments made with the collateral. The County retains the right to recall securities at any given time; cutoffs are 9:30 a.m. eastern standard time for same day recalls of treasuries/agencies and 1:30 p.m. eastern standard time on trade date for corporates. We also require acknowledgement of the County Investment Policy, and check the adherence to that policy daily.

All securities purchased with any funds received as a result of such lending shall be regularly monitored and re-evaluated. Should their ratings fall below the pool's investment standards, the Treasury Oversight Committee will be notified within 10 days of any security downgrades that fall below the pool's investment standards and the course of action if any. In addition, the information will be posted on the Treasurer's website within the same time frame.

Additionally, the percentage of the Fund's market value in any one issuer's securities shall be regularly monitored and the Treasury Oversight Committee will be notified within 10 days, and the information posted on the Treasurer's website, of any instances where the percentage of the Fund's market value in any one issuer's securities exceeds the percentage limitations set forth herein or where there is any change in diversification and the course of action, if any.

There are always risks in any financial transaction. The three most common risks in Security Lending are as follows:

A. Borrower Default Risk – Although rare, a borrower may not return a security in a timely manner. To protect against this risk, we require 102% cash collateral, which is marked to market and monitored daily. In the event of borrower default, the Security Lending agent is responsible for replacing the securities or providing the cash value of the securities. In other words, The Bank of New York indemnifies the County of San Mateo against borrower default.

B. Collateral Investment Risk – The value of the securities in which we invest the cash collateral may decline due to fluctuations in interest rates or other market related events. This risk is controlled by investing in a huge investment pool with highly liquid short duration, high credit quality instruments identified in this investment policy.

C. Operational Risks – critical operations, such as maintaining the value of the collateral, collecting interest and dividend payments are essential to a smooth running Security Lending operation. Operational risks are the responsibility of the Security Lending agent. We further mitigate this risk by reviewing all transactions and collateral requirements on a daily basis.

Schedule 1 – Securities Lending

Securities Loans

- No more than 5% of the Pool can be on loan to any single counterparty.
- A single loan shall not exceed 3% of the total portfolio.
- The maximum maturity of a securities loan shall not exceed 92 days.

Collateral

Acceptable Collateral
U.S. Treasuries and Agencies and cash

Collateral Investment
The only authorized investments are shown in the following table. No floating or reset notes are permitted.

“Fund” means actual market value of all securities lending collateral.

INSTRUMENT	RATING	-------------	LIMITATIONS	----------
		% of Fund	% of Fund per Issuer	Maturity
U.S. Treasury Obligations		100	100%	1 year
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100	40% per issuer	1 year
Repurchase agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100	50%	overnight
Bankers Acceptances Domestic Foreign	A-1 / P-1/ F1	 15 15	 5% Aggregate 5% Aggregate	 180 days 180 days
Commercial paper	A-1 / P-1 / F1	40	5% Aggregate	270 days or less

Other

Agent Qualifications
The only acceptable Agent is the Pool’s custodian bank.

Contract Provisions
The Agent must indemnify the Pool against borrower default.

The Agent must acknowledge and accept the Policy in writing. A copy of this acceptance will be attached to future policies.

The Agent must submit monthly reports showing securities out on loan (terms and borrowers), defaults, earnings, and the percent by sector of Pool assets out on loan as well as information on the collateral investments (including market values, income and realized and unrealized gains and losses).

Oversight

The Treasurer shall include copies of the Agent's most recent report with his reports to the Treasury Oversight Committee.

IX. Community Reinvestment Act Program

A. This policy sets aside up to $5 million dollars for investment in banks whose primary operations are located in San Mateo County. Investments from this fund must meet the requirements of this investment policy. Eligible banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with a custodial bank.

X. Diversification and Maturity Restrictions

It is the policy of the Treasurer to diversify the Fund's portfolios. Investments are diversified to minimize the risk of loss resulting in over concentration of assets in a specific maturity, specific issuer or a specific class of securities. Diversification strategies shall be established by the Treasurer and whoever has been retained to perform the investment function.

INSTRUMENT	RATING	% of Fund	LIMITATIONS % of Fund per Issuer	Maturity
U.S. Treasury Obligations		100%	100%	7 years
Obligations of U.S. Agencies or government sponsored enterprises	AA or A-1	100%	40%	7 years
U.S. Agencies Callables	AA		25%	7 years
Commercial paper (two agencies)	A-1/P-1/ F1	40%	5% Aggregate	270 days or less
Negotiable Certificates of Deposit ($5 billion minimum assets) (two agencies)	A-1/P-1/ F1	30%	5% Aggregate	5 years
Bankers Acceptances *Domestic: ($5 billion minimum assets) *Foreign: ($5 billion minimum assets) (two agencies)	A-1 / P-1/ F1	15% 15%	5% Aggregate 5% Aggregate	180 days 180 days

INSTRUMENT	RATING	% of Fund	LIMITATIONS % of Fund per Issuer	Maturity
Collateralized Time Deposits within the state of CALIFORNIA	A-1/P-1/ F1	15%	5% Aggregate	1 year
Mortgage Backed Securities/CMO's: No Inverse Floaters No Range Notes No Interest only strips derived from a pool of Mortgages Asset Backed Securities	A (issuer rated) AA (issue rated) AAA	20% Combined total	5% Aggregate 5% Aggregate	5 Years 5 Years
Corporate bonds, Medium Term Notes & Covered Bonds (two agencies)	AA/A A	30% 25% of the 30% above	5% Aggregate	5 years
US Instrumentalities	AA	30%		5 Years
CA Municipal Obligations	AA	30%	5% Aggregate	5 Years
Repurchase Agreements secured by U.S. Treasury or agency obligation (102% collateral)	A-1	100%	See limitations for Treasuries and Agencies above	92 days
Local Agency Investment Fund (LAIF)			Up to the current state limit	
Shares of beneficial interest issued by diversified management companies as defined in Government Code Section§ 53601(Mutual Funds)	Money Market A-1/P-1	10%	5% Aggregate	
Local Government Investment Pools (LGIPs)		10%	5% Aggregate	

XI. Average Life

The maximum dollar weighted average maturity of the fund will be 3 years. The focus of this fund is in order of priority: preservation of principal, liquidity and then yield. The policy of maintaining a maximum dollar weighted maturity or weighted average maturity (WAM) of 3 years leaves open the flexibility to take advantage of interest rate trends to maximize the return on investment. The imposed maximum 3 year average maturity limits the market risk to levels appropriate to a short, intermediate income fund. The word “Maturity” refers to the instrument’s stated legal final redemption date - not coupon reset, put or call dates.

Securities purchased specifically to match the maturity of a bond issue and/or a contractual arrangement must be authorized by California Government Code §53601 and §53635 but are not included in the requirements listed above. Such securities shall be clearly designated in the appropriate investment journals and reports.

XII. Prohibited Transactions

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy and with California Government Code Sections §53601, §53601.1, §53601.2, §53601.6, and §53635, as may be amended from time to time. No investment prohibited by California Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations or market valuation that are not in compliance with this Investment Policy **at time of purchase** must be documented and approved by the Treasurer in writing. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

The Treasurer shall not leverage the County pool through any borrowing collateralized or otherwise secured by cash or securities held unless authorized by this investment policy.

Security Lending is authorized by this policy and will be limited to a maximum of 20% of the portfolio.

The following transactions are prohibited:

A. Borrowing for investment purposes (“Leverage”)

B. Inverse floaters, leveraged floaters, equity-linked securities, event-linked securities, structured investment vehicles (SIV)

Simple “floating rate notes” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate or LIBOR) and which have a reasonable expectation of maintaining a value at par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips or other callable securities which otherwise meet quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

C. Derivatives (e.g. swaptions, spreads, straddles, caps, floors, collars, etc.) shall be prohibited.

D. Trading of options and futures are prohibited.

XIII. Method of Accounting:

A. For earnings calculations, investments will be carried at original purchase cost (plus purchased accrued interest, if applicable). Premiums or discounts acquired in the purchase of securities will be amortized or accreted over the life of the respective securities. For GASB purposes, investments will be carried at cost and marked to market.

B. Gains or losses from investment sales will be credited or charged to investment income at the time of sale. All interest income, gains/ losses are posted quarterly.

C. Premiums paid for callable securities will be amortized to the 1st call date after purchase.

D. Purchased accrued interest will be capitalized until the first interest payment is received. Upon receipt of the first interest payment, the funds will be used to reduce the investment to its principal cost with the remaining balance credited to investment income.

E. Yield is calculated on an accrual basis using a 365-day calendar year. Earnings are calculated as follows:

$$\frac{\text{(Earnings* + Capital Gains) - (Fees+Amortized Premiums + Capital Losses)}}{\text{Average Daily Pool Balance}}$$

* Earnings equal net interest payments + accrued interest + accreted discounts.

F. The County Pool is operated as a single investment pool. Banking and reporting services required by a participant are charged directly to the participant. All participants are charged an administrative fee.

G. The administrative fee is 9.5 basis points effective July 1, 2018 and will be evaluated annually.

The County Pool Administrative Fee is established annually and is effective July 1 through June 30. The fee is developed to align with the actual administrative cost of managing the pool. Due to variations in the pool size during the fiscal year (such as those caused by the influx of funds from unanticipated school bond issues or voluntary pool participant withdrawals), a true-up of fees collected will take place in the 4th quarter of each fiscal year.

XIV. Safekeeping

All deliverable security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a Delivery-versus-Payment basis (DVP)

All deliverable securities shall be held by a third party custodian designated by the Treasurer. The third party custodian shall be required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity and other pertinent information.

XV. Performance Evaluation

The Treasurer shall submit monthly, quarterly and annual reports, in compliance with Government Code Sections §53607, §53646 and §27134, to the Treasury Oversight Committee, Pool participants and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. This includes the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investments Fund's ability to meet the expected expenditure requirements for the next 6 months. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on the treasury for the County's Comprehensive Annual Financial Report.

XVI. Withdrawal Requests for Voluntary Pool Participants

A. Any request to withdraw funds shall be released at no more than 12.5% per month, based on the month-end balance of the prior month.

B. April and December current secured tax apportionments and property tax revenue distributed to Redevelopment Property Tax Trust Funds will be exempt from the 12.5% withdrawal rule, however, these apportionments must be withdrawn in the same month they are received or they will be subjected to the 12.5% withdrawal rule.

C. Any additional withdrawal requests will be considered on a case-by-case basis.

D. All requests for withdrawals must first be made in writing to the Treasurer, at a minimum, 24 hours in advance.

In accordance with the California Government Code § 27136 et seq, and 27133 (h) et seq, these requests are subject to the Treasurer's consideration of the stability and predictability of the pooled investment fund, or the adverse effect on the interests of the other depositors in the pooled investment fund.

XVII. Internal Controls

The County Treasurer shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. The County Treasurer shall also be responsible for ensuring that all investment transactions comply with the County's investment policy and the California Government Code.

The County Treasurer shall establish a process for daily, monthly, quarterly and annual review and monitoring of investment program activity.

Daily, the County Treasurer or authorized treasury personnel shall review the investment activity, as well as corresponding custodial and commercial bank balances and positions for compliance with the investment policy and guidelines. The County Controller's Office shall conduct an annual audit of the investment program's activities. It is to be conducted to determine compliance with the County's investment policy and the Government Code. The audit shall be conducted by staff with experience in auditing large, complex investment programs consistent with industry standards as promulgated by the Global Investment Performance Standards (GIPS) adopted by the CFA Institute Board of Governors.

A. Investment Authority and Responsibility

The responsibility for conducting the County's investment program resides with the Treasurer, who supervises the investment program within the guidelines set forth in this policy. The Treasurer may delegate the authority for day-to-day investment activity to whoever has been retained to perform the investment function.

B. County Treasury Oversight Committee

The Board of Supervisors, in consultation with the Treasurer, hereby establishes the County Treasury Oversight Committee pursuant to California Government Code § 27130 et seq. Members of the County Treasury Oversight Committee shall be selected pursuant to California Government Code §27131. The Treasury Oversight Committee will meet at least three times a year to evaluate general strategies and to monitor results and shall include in its discussions the economic outlook, portfolio diversification, maturity structure and potential risks to the County pool's funds. All actions taken by the Treasury Oversight Committee are governed by rules set out in § 27131 et seq. of the California Government Code.

Members of the County Treasury Oversight Committee must pay particular attention to the California Government Code § 27132.1, 27132.2, 27132.3 and 27132.4, which read as follows:

> 27132.1 A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the committee.

27132.2 A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

27132.3 A member may not secure employment with bond underwriters, bond counsel, security brokerages or dealers, or with financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the committee or for one year after leaving the committee.

27132.4 Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (chapter 9 (commencing with section 54950) of Part 1 of Division 2 of Title 5).

C. Reporting

The Treasurer will prepare a monthly report for the County pool participants and members of the County Treasury Oversight Committee stating, for each investment: the type of investment, name of the issuer, maturity date, par value of the investment, current market value and the securities S&P/Moody's rating. For the total pooled investment fund, the report will list average maturity, effective duration, cost, the current market value, net gains/losses and the sector and issuer concentrations. In addition, the report will break down distribution by maturities, coupon, duration and both S&P/Moody's ratings. The Treasurer shall prepare a monthly cash flow report which sets forth projections for revenue inflows, and interest earnings as compared to the projections for the operating and capital outflows of depositors. This projection shall be for a minimum of 12 months. All Reports will be available on the County Treasurer's website at www.sanmateocountytreasurer.org

D. Annual Audit of Compliance

The County Treasury Oversight Committee shall cause an annual audit to be conducted of the portfolio, procedures, reports and operations related to the County pool in compliance with the California Government Code § 27134.

E. Pool Rating

The Pool strives to maintain the highest credit rating at all times. Annually, a contract may be requested for a rating from one of the three leading nationally recognized credit rating organizations (S&P, Moody's or Fitch).

F. External Investment Advisor

An external investment advisor will be contracted to conduct independent monthly compliance reviews of the County's portfolio holdings and provide a monthly written report which will:

1. Verify the accuracy of holdings information
2. Provide summary level information about the portfolio
3. Verify compliance with California Government Code
4. Verify compliance with the County's written Investment Policy
5. List any exceptions or discrepancies identified

G. Loss Control

While this Investment Policy is based on "the Prudent Investor Rule", the Treasurer shall seek to enhance total portfolio return by means of actively managing the portfolio. In any professionally managed portfolio, occasional controlled losses are inevitable and must be realized and judged within the context of overall portfolio performance. Losses shall be allocated as otherwise described in this policy in section XIII, entitled "Method of Accounting".

H. Credit Quality

Should any investment or financial institution represented in the portfolio, be downgraded by any of the major rating services to a rating below those established in this investment policy, the Treasurer must immediately make an informed decision as to the disposition of that asset and will so advise the County Treasury Oversight Committee. The situation will be monitored daily by the Treasurer until final disposition has been made.

I. Approved Brokers

The Treasurer will maintain a current list of Approved Brokers and Dealers who may conduct business with the County. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations. The Treasurer will forward a copy of the County Investment Policy to all approved brokers and require written acknowledgment of the policy from the broker.

No broker, brokerage, dealer or securities firm is allowed on the approved list if, within any consecutive 48-month period, they have made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency or any candidate for those offices.

J. Transaction Settlement

Payment of settlement in a securities transaction will be against delivery only. A due bill or other substitution will not be acceptable. All securities purchased from the brokers/dealers must be held in safekeeping by the County's safekeeping agent or designated third party.

K. Internal Controls

The Treasurer has established a system of controls designed to prevent losses of pooled funds due to fraud, employee error, and misrepresentations by third parties, and unanticipated changes in financial markets or imprudent actions by employees of the County. The controls include:

1. Procedures for investment activity which includes separation of duties for transaction authority, accounting and operations and requires clear documentation of activity.
2. Custodial safekeeping as prescribed in California Government Code § 53601.

3. Independent audit, both external and internal.
4. Clear delegation of authority.
5. Written confirmations of all telephone transactions.
6. Establishment of written ethical standards and rules of behavior.

XVIII. Execution of Investment Authority

A. All transactions are documented as to date, time and vendor, signed by the originator and include the following information:

1. Buy or sell
2. Specific description of security involved (CUSIP)
3. Settlement date
4. Price
5. The total amount of funds involved
6. On non-treasury or agency transactions a notation will be made on the transaction ticket of competitive bids and offers
7. Broker/dealer

B. Information in "A" must be provided to the Investment Specialist for the following purpose:

1. To contact the dealer to verify the information on the trade with the dealer's instructions. Any misunderstanding must be clarified prior to settlement.
2. To provide the County's custodian bank with the specifics of the pending transaction to assure a smooth settlement.
3. To compare with the daily custodian transaction report to assure there are no errors.
4. To generate the internal entries necessary for the movement of funds to complete the transaction.
5. To compare with the broker's confirmations when received.

C. At the end of each day, the Investment Specialist summarizes all of the current day transactions in a "Daily Cash Flow Report" available immediately the following morning. This report includes:

1. A summary of all the day's investment transaction
2. A listing of the day's incoming and outgoing wires
3. A listing of the day's state automatics and other deposits received
4. If the pool has "Repos" out, the current earnings rate statement
5. An estimate of the total anticipated clearings for the day

D. A best effort will be made to obtain a minimum of three prices from different brokers before executing a security transaction whenever possible. Exceptions will occur with Treasuries. In those cases the Bloomberg screen will be printed as close to the actual executed price as possible. In the case of money market, agencies or corporate securities, a best effort will be made to obtain differential bids and offers.

E. Repurchase Agreements All Repurchase Agreements with approved dealers will be governed by a Public Securities Association (PSA) agreement that has been approved in writing by the Treasurer.

F. Confirmations resulting from securities purchased or sold under a Repurchase Agreement shall state the exact and complete nomenclature of the underlying securities bought or sold, as well as the term structure (i.e. maturity) of the transaction.

G. Securities on loan and their corresponding investments under the County Security Lending Program must be monitored daily by the Investment Specialist to assure the Assistant Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

H. The assets of the County shall be held in safekeeping by the County's safekeeping agent, or secured through third-party custody and safekeeping procedures. A due bill or other substitution will not be acceptable.

I. Safekeeping procedures shall be reviewed annually by the Treasurer's office and an external auditor. Surprise audits of safekeeping and custodial procedures must be conducted at least once a year.

J. Security Lending: The custodial bank may be authorized to lend out up to 20% of the portfolio within the guidelines of this policy. Guidelines for securities lending and the investment of collateral are attached to this policy as Schedule 1. Securities on loan must be monitored daily by the Treasurer's office to assure that the Treasurer has a list of those securities that are out on loan. Interest earned will be monitored daily and compared to the monthly report of earnings by the custodial bank.

K. Voluntary Participants will be accepted for participation in the San Mateo County Pooled Fund if they meet the following requirements:

1. A public agency
2. Domiciled in the County of San Mateo.
3. Agree to abide by the approved San Mateo County Pooled Fund Investment Policy Statement.
4. Acknowledge changes to the policy annually in writing and meet the minimum balance requirements (250K).

L. Agencies whose jurisdiction includes San Mateo County, but are not domiciled in San Mateo County, may participate in the San Mateo County Pooled Fund with the approval of the Treasurer and the County Treasury Oversight Committee.

XIX. Disaster Recovery

The San Mateo County Treasurer’s Disaster Recovery Plan includes critical phone numbers and addresses of key personnel as well as active bankers and brokers/dealers. Portable devices have been issued to key personnel for communicating between staff, banks and broker/dealers. The plan includes an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event investment staff is unable to invest the portfolio, the custodial bank will automatically sweep all un-invested cash into a collateralized account at the end of the business day. Union Bank is currently the pools bank.

Should this guarantee program not be extended, a collateralized account will be set up. Until normal operations of the Treasurer’s office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy.

XX. Ethics and Conflict of Interest

The Treasurer and all investment personnel shall refrain from personal business activity which could create a conflict with proper execution of the investment program or which could impair the ability to execute impartial investment decisions. The Treasurer and all investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions which conduct business with San Mateo County and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of San Mateo County’s investment portfolio.

XXI. Limits on Honoraria, Gifts and Gratuities

In accordance with California Government Code Section 27133, this policy establishes limits for the Treasurer; individuals responsible for management of the portfolios; and members of the Treasury Oversight Committee; select individual investment advisors and broker/dealers who conduct day-to-day investment trading activity.

Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer,bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual designated in a conflict of interest code may receive aggregate gifts, honoraria and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. Gifts from a single source are subject to a $420 limit. Any violation must be reported to the State Fair Political Practices Commission.

Comparison and Interpretation of Credit Ratings[1]

Long Term Debt Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best-Quality grade	Aaa	AAA	AAA
High-Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short Term/Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

[1] These are general credit rating guidelines and are for information only

GLOSSARY OF TERMS

ACCRUED INTEREST
Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

ASSET-BACKED SECURITIES (ABS)
A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.

AVERAGE LIFE
The length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortization or sinking fund payments.

BANKERS' ACCEPTANCE
A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank "accepts" such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

BASIS POINT
One basis point is equal to 1/100 of one percent. For example, if interest rates increase from 4.25% to 4.50%, the difference is referred to as a 25-basis-point increase.

BENCHMARK
A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID
The price at which a buyer offers to buy a security.

BOND
A bond is essentially a loan made by an investor to a division of the government, a government agency or a corporation. The bond is a promissory note to repay the loan in full at the end of a fixed time period. The date on which the principal must be repaid is the called the maturity date or maturity. In addition, the issuer of the bond, that is, the agency or corporation receiving the loan proceeds and issuing the promissory note, agrees to make regular payments of interest at a rate initially stated on the bond. Bonds are rated according to many factors, including cost, degree of risk and rate of income.

BOOK VALUE
The value of a held security as carried in the records of an investor. May differ from current market value of the security.

BROKER/DEALER
Any person engaged in the business of effecting transactions in securities in this state for the account of others or for her/his own account. Broker/dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of her/his own issue.

CALLABLE SECURITIES
An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

COMMERCIAL PAPER
Short-term, unsecured promissory notes issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

COLLATERALIZED TIME DEPOSITS

An interest-bearing bank deposit that has a specific maturity date.

CORPORATE BOND

A debt security issues by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher, even for top flight credit quality companies.

COUPON RATE

The annual rate of interest payable on a security expressed as a percentage of the principal amount.

COVERED BOND

A covered or mortgage bond is an on-balance sheet obligation of the issuing institution. Typically, a covered bond receives the legal structure, the issuer's backing and the pledge of quality assets, should the issuer fail to qualify for a higher rated bond.

CREDIT RISK

The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CURRENT YIELD

The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP NUMBERS

CUSIP is an acronym for Committee on Uniform Security Identification Procedures. CUSIP numbers are identification numbers assigned each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

DISCOUNT

The amount by which the par value of a security exceeds the price paid for the security.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns.

DURATION

The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

EARNINGS APPORTIONMENT

The quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

EQUITY-LINKED SECURITIES

A hybrid debt instrument that is linked to the equity markets. Equity-linked securities can be in the form of a single stock, a group of stocks or an equity-based index, such as the S&P 500.

EVENT-LINKED SECURITIES

A type of bond whose interest and principal payments are determined based on the non-occurrence of certain events such as an earthquake and hurricane. If an event, usually referred to as a "trigger event", occurs, then the holder of the bond could see a loss of all future interest payments or a loss of most principal.

FAIR VALUE

The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL FUNDS

Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE

Interest rate at which banks lend federal funds to each other.

FEDERAL OPEN MARKET COMMITTEE (FOMC)

This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE NOTE

A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

FUTURES

Commodities, which are sold to be delivered at a future date

INTEREST

The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INVERSE FLOATING RATE NOTES

Variable-rate notes whose coupon and value increase as interest rates decrease.

LEVERAGED FLOATER

A security, generally a bond, which has a leverage factor of greater than one and a fixed margin with a variable coupon rate, which is tied to a benchmark interest rate or index.

LIQUIDITY

The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

LOCAL AGENCY INVESTMENT FUND (LAIF)

The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

MARKET RISK

Market risk is the risk that investments will change in value based on changes in general market prices.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT

A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party’s rights in the transaction. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY

The date upon which the principal of a security becomes due and payable to the holder.

MONEY MARKET MUTUAL FUND
A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

MORTGAGE-BACKED SECURITIES (MBS)
A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, an usually pay periodic payments that are similar to coupon payments.

MUNICIPAL BOND
Debt obligation of a state or local government entity

NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD)
A negotiable certificate of deposit (NCD) is a certificate of deposit with a minimum face value of $100,000, and they are guaranteed by the bank and can usually be sold in a highly liquid secondary market, but they cannot be cashed in before maturity.

OPTION
A contract that provides the right, but not the obligation, to buy or to sell a specific amount of a specific security within a predetermined time period. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PAR
The stated maturity value, or face value, of a security.

PAR VALUE
The stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PREMIUM
The amount by which the price paid for a security exceeds the security's par value.

PRIME RATE
A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

RANGE NOTE
A structured note that provides investors with an above market coupon, but against foregoing coupon payments when the floating rate (LIBOR, typically) breaks outside the boundaries of a specific range.

RATE OF RETURN
The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond and the current income return.

REPURCHASE AGREEMENT OR RP OR REPO
An agreement consisting of two simultaneous transactions whereby the investor purchases securities from a bank or dealer and the bank or dealer agrees to repurchase the securities at the same price on a certain future date. The interest rate on a RP is that which the dealer pays the investor for the use of his funds. Reverse repurchase agreements are the mirror image of the RPs when the bank or dealer purchases securities from the investor under an agreement to sell them back to the investor.

SAFEKEEPING
A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank in the customer's name.

SECURITIES LENDING
A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SETTLEMENT DATE
The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

STRIPs
Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

STRUCTURED INVESTMENT VEHICLES (SIV)
A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS).

TRADE DATE
The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. AGENCY OBLIGATIONS
Federal agency or United States government-sponsored enterprise obligations, participants, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank and PEFCO.

US INSTRUMENTALITIES
An organization that serves a public purpose and is closely tied to federal and/or state government, but is not a government agency. Many instrumentalities are private companies, and some are chartered directly by state or federal government.

U.S. TREASURY OBLIGATIONS (TREASURIES)
Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

WEIGHTED AVERAGE MATURITY
The remaining average maturity of all securities held in a portfolio.

YIELD
The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ZERO-COUPON BOND
A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.

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Sandie Arnott
TREASURER-TAX COLLECTOR

SAN MATEO COUNTY INVESTMENT POOL FUND
AUGUST 2019 MONTH END REPORT

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INTRODUCTION SUMMARY

Gross earnings for the month ending August 31, 2019 were 2.281%. The current average maturity of the portfolio is 1.46 years with an average duration of 1.40 years. The current Par Value of the pool is $5.065 Billion. The largest non-government aggregate positions are currently Wells Fargo Bank at 2.46%. The portfolio continues to hold no derivative products.

The San Mateo County Pool complies with Government Code Section 53646, which requires the ability to meet its expenditure requirements for the next six months.

I certify, and our compliance advisor, Silicon Valley Treasury Consulting Group, confirms these reports are in compliance with the Investment Policy dated Calendar Year 2019. Please visit our website if you wish to review Silicon Valley Treasury Consulting Group's monthly compliance report: https://treasurer.smcgov.org/investment-information

If you have any questions regarding any of these reports, please call me at (650) 363-4470.

Best regards,

Sandie Arnott
Treasurer-Tax Collector

SAN MATEO COUNTY TREASURER'S OFFICE PORTFOLIO REPORT
August 31, 2019

Earnings Summary

Average Balance		$	5,121,111,750.06
Gross Earnings Rate/Dollar	2.281%	$	9,921,276.09
Administration Fees		$	(413,196.55)
Net Earnings Rates/Dollar	**2.186%**	**$**	**9,508,079.54**

Portfolio Summary

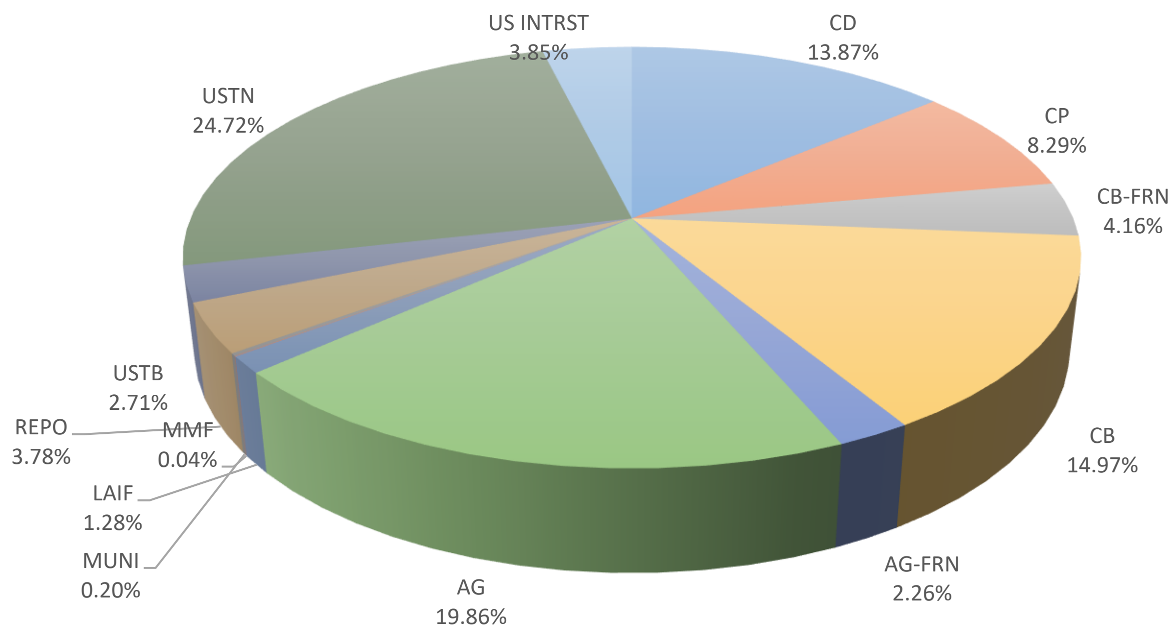
Average Yield to Maturity	1.97
Average Maturity (yrs)	1.46
Average Coupon	1.94
Average Duration	1.40
Average Moody Rating	Aa2/P-1
Average S&P Rating	AA/A-1

Monthly Earnings Rates

Month	SMC	LAIF
March-19	2.505%	2.436%
April-19	2.420%	2.445%
May-19	2.494%	2.449%
June-19	2.476%	2.428%
July-19	2.336%	2.379%
August-19	2.281%	2.341%

Investment Type	Par	Book	Market
Certificate of Deposit	702,678	702,971	707,673
Commericial Paper	420,000	415,103	418,433
Corporate Bond - Floaters	210,786	210,744	212,162
Corporate Bonds	758,185	760,025	769,663
Federal Agency - Floaters	114,650	114,656	114,732
Federal Agency Securities	1,006,137	1,006,533	1,016,919
Local Agency Investment Fund	65,000	65,000	65,202
Money Market Funds	2,148	2,148	2,148
Municipal Bonds	10,000	10,435	10,637
Repurchase Agreement	191,500	191,500	191,511
United States Treasury Bills	137,500	136,159	136,847
United States Treasury Notes	1,251,970	1,272,152	1,281,813
US Instrumentalities	195,000	194,162	195,964
Grand Total	**5,065,554**	**5,081,587**	**5,123,704**

Values in $Thousands, Book Value does not reflect amortizations or accretions but includes purchased accrued interest. Market Value includes accrued Interest for reporting period and downloaded through Interactive Data Corp.



SAN MATEO COUNTY TREASURER'S OFFICE FIXED INCOME DISTRIBUTION
August 31, 2019

Distribution By Maturity

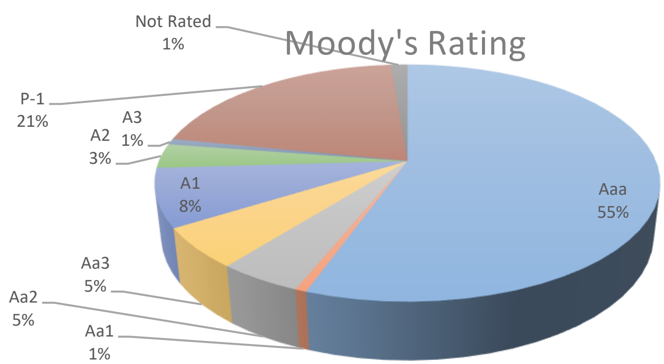
Maturity	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	115	$ 2,440,134,869.07	47.6%	2.2	1.604%	0.3
1 Yr - 3 Yrs	89	$ 1,897,899,938.91	37.0%	1.9	2.174%	1.9
3 Yrs - 5 Yrs	28	$ 785,669,213.76	15.3%	1.6	2.397%	3.6

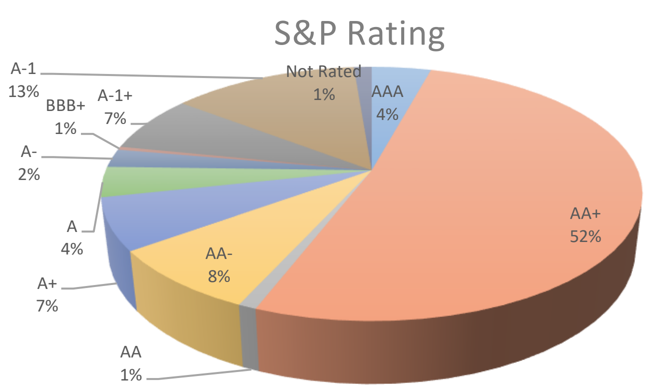
Distribution By Coupon

Coupon %	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1%	34	$ 769,402,200.77	15.0%	2	0.000%	0.2
1% - 3%	182	$ 4,140,856,321.47	80.8%	1.9	2.195%	1.6
3% - 5%	13	$ 176,145,679.69	3.4%	2.3	3.636%	1.7
5% - 7%	3	$ 37,299,819.81	0.7%	1.9	5.321%	1.5

Distribution by Duration

Duration	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Under 1 Yr	117	$ 2,469,587,500.53	48.2%	2.2	1.614%	0.3
1 Yr - 3 Yrs	89	$ 1,970,126,582.46	38.5%	1.8	2.149%	2
3 Yrs - 5 Yrs	26	$ 683,989,938.75	13.3%	1.6	2.492%	3.7





Distribution by Moody's Rating

Rating	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
Aaa	109	$ 2,841,710,451.54	55.5%	1.7	1.881%	1.8
Aa1	5	$ 31,571,873.50	0.6%	2.4	2.357%	1.4
Aa2	14	$ 234,259,443.49	4.6%	2.3	2.756%	1.4
Aa3	16	$ 279,553,469.79	5.5%	2.2	2.438%	1.6
A1	27	$ 407,629,865.66	8.0%	2.1	2.587%	1.4
A2	14	$ 170,548,275.17	3.3%	2.1	2.787%	1.9
A3	4	$ 40,984,611.71	0.8%	2	2.910%	2.5
P-1	42	$ 1,052,244,061.44	20.5%	2.4	1.303%	0.3
Not Rated	1	$ 65,201,969.44	1.3%	2.4	2.380%	0

Distribution by S&P Rating

Rating	Number	Mkt Value	% Bond Holdings	Average YTM	Average Coupon	Average Duration
AAA	14	$ 217,121,555.05	4.2%	1.9	1.365%	0.7
AA+	99	$ 2,645,799,292.64	51.6%	1.7	1.926%	1.9
AA	5	$ 47,489,684.58	0.9%	1.9	2.314%	1.4
AA-	25	$ 419,438,212.60	8.2%	2.1	2.534%	1.5
A+	22	$ 338,840,906.20	6.6%	2.3	2.668%	1.6
A	14	$ 197,403,844.22	3.9%	2	2.565%	1.1
A-	8	$ 119,111,079.33	2.3%	2.1	2.905%	2.3
BBB+	2	$ 21,053,416.23	0.4%	2.2	3.512%	3.6
A-1+	15	$ 369,123,493.71	7.2%	2	1.264%	0.3
A-1	27	$ 683,120,567.73	13.3%	2.6	1.324%	0.3
Not Rated	1	$ 65,201,969.44	1.3%	2.4	2.380%	0

Market value on the Fixed Income Distribution Report includes any accrued interest that a security has earned. Total cost does not reflect amortizations or accretions but includes purchased accrued interest. Monthly Transaction Summary is available upon request.

SUMMARY OF POOL EARNINGS

COUNTY OF SAN MATEO
ESTIMATED SUMMARY OF POOL EARNINGS
AUGUST 2019

	Par Value	Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$ 1,251,970,000.00	$ 1,220,138.20
U.S, Instrumentalities	$ 90,000,000.00	$ 130,949.06
Federal Agencies	$ 570,000,000.00	$ 930,105.45
Corporate Notes	$ 585,106,000.00	$ 1,038,231.38
Certificate of Deposit	$ 241,310,000.00	$ 320,891.76
Floating Rate Securities	$ 150,286,000.00	$ 260,020.08
	$ 2,888,672,000.00	**$ 3,900,335.93**
Short Term Securities Maturing < 1 year		
U.S, Instrumentalities	$115,000,000	$ 233,238.91
Federal Agencies	$ 560,787,000.00	$ 957,633.56
Corporate Notes	$ 144,769,000.00	$ 298,542.17
Floating Rate Securities	$ 67,500,000.00	$ 142,179.60
LAIF	$ 65,000,000.00	$ 132,493.15
Commercial Paper	$ 420,000,000.00	$ 878,483.54
Certificate of Deposit	$ 472,678,000.00	$ 924,095.70
U S Treasury Bills	$ 137,500,000.00	$ 222,388.24
Repurchase Agreements	$ 193,647,967.75	$ 45,108.89
	$ 2,176,881,967.75	**$ 3,834,163.75**
Total Accrued Interest	**$ 5,065,553,967.75**	**$ 7,734,499.68**
Total Dollar Earnings for AUGUST		**$ 9,921,276.09**

	Period Earnings
Realized Gain/Loss & Interest Received	
U S Treasury Notes	$ 282,011.39
U.S, Instrumentalities	$ 37,858.33
Federal Agencies	$ 550,575.58
Corporate Notes	$ 400,206.84
Floating Rate Securities	$ 85,102.56
Commercial Paper	$ 98,611.16
Certificate of Deposit	$ 284,879.63
U S Treasury Bills	$ 118,187.21
Repurchase Agreements	$ 329,343.70
Total Realized Income	**$ 2,186,776.41**

AVERAGE BALANCE		**$ 5,121,111,750.06**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**2.281%**	**$ 9,921,276.09**
ADMINISTRATION FEES		**($413,196.55)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**2.186%**	**$9,508,079.54**

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
CERTIFICATE OF DEPOSIT													
HSBC BANK USA	2.59	10-02-19			40,000,000	100.00	40,000,000.00	100.00	40,000,000.00	434,544.44	40,434,544.44	A-1+	0.78
CITIBANK NA	2.57	10-21-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	230,229.17	25,230,229.17	A-1	0.49
MUFG UNION BANK NA	2.50	10-25-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	63,888.89	10,063,888.89	A-1	0.20
MUFG UNION BANK NA	2.48	11-08-19			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	63,377.78	10,063,377.78	A-1	0.20
NORINCHUKIN BANK NY	2.57	11-13-19			15,000,000	100.00	15,000,000.00	100.00	15,000,000.00	117,791.67	15,117,791.67	A-1	0.29
US BANK NA OHIO	2.35	11-15-19			20,000,000	100.17	20,034,600.00	100.00	20,000,000.00	20,872.27	20,020,872.27	A-1+	0.39
MIZUHO BANK LTD/NY	2.27	11-27-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	144,724.31	25,144,724.31	A-1	0.49
CREDIT SUISSE NY	2.63	12-02-19			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	551,569.44	50,551,569.44	A-1	0.98
TORONTO DOMINION BANK NY	2.40	12-04-19			30,700,000	100.09	30,727,068.19	100.00	30,700,000.00	180,106.67	30,880,106.67	A-1+	0.60
WESTPAC BANK N Y	3.02	12-12-19			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	163,583.33	25,163,583.33	A-1+	0.49
BNS HOUSTON YCD FRN	2.55	12-30-19			25,000,000	99.94	24,984,250.00	100.00	25,000,000.00	272,695.50	25,272,695.50	A-1	0.49
CITIBANK NA	2.58	01-03-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	216,791.67	25,216,791.67	A-1	0.49
TORONTO-DOMINION BANK NY	2.88	01-16-20			20,000,000	100.81	20,161,416.70	100.00	20,000,000.00	240,000.00	20,240,000.00	A-1+	0.39
SOCIETE GENERALE NY	2.42	01-27-20			35,500,000	100.04	35,512,613.51	100.00	35,500,000.00	83,376.93	35,583,376.93	A-1	0.70
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	10,914.44	5,010,914.44	A-1	0.10
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	21,828.89	10,021,828.89	A-1	0.20
CANADIAN IMPERIAL YCD FRN	2.46	01-30-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	21,828.89	10,021,828.89	A-1	0.20
BANK OF MONTREAL CHICAGO-YCD	2.44	01-31-20			11,478,000	100.00	11,478,000.00	100.00	11,478,000.00	259,357.21	11,737,357.21	A-1	0.22
NATIONAL AUSTRALIA BK/NY	2.33	02-10-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	33,992.00	25,033,992.00	A-1+	0.49
BNS HOUSTON YCD FRN-Q	2.30	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	89,940.92	5,089,940.92	A-1	0.10
BNS HOUSTON YCD FRN-Q	2.30	02-18-20			5,000,000	100.00	5,000,000.00	100.00	5,000,000.00	89,940.92	5,089,940.92	A-1	0.10
CANADIAN IMP BK COMM NY- FRN	2.57	03-18-20			20,000,000	100.10	20,020,368.96	100.00	20,000,000.00	105,737.78	20,105,737.78	A-1	0.39
SOCIETE GENERALE NY	2.68	05-01-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	223,333.33	25,223,333.33	A-1	0.49
SWEDBANK YCD FRN-Q	2.44	05-07-20			20,000,000	100.00	20,000,000.00	100.00	20,000,000.00	644,980.00	20,644,980.00	A-1+	0.39
BNS HOUSTON YCD- FRNQ	2.40	08-17-20			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	20,031.25	25,020,031.25	A+	0.49
SUMITOMO MITSUI BANK NY	2.54	08-28-20			25,000,000	100.21	25,052,250.00	100.00	25,000,000.00	5,300.27	25,005,300.27	A	0.49
HSBC BANK USA	2.70	10-02-20			10,000,000	100.00	10,000,000.00	100.00	10,000,000.00	111,750.00	10,111,750.00	AA-	0.20
SVENSKA HAND.YCD-FRN	2.58	01-29-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	59,027.60	25,059,027.60	AA-	0.49
NORDEA BANK NY - FRN	2.47	02-12-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	32,603.47	25,032,603.47	AA-	0.49
COOPERATIEVE RABO YCD FRN	2.77	03-01-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	175,064.41	25,175,064.41	A+	0.49
CREDIT AGRICOLE CIB NY	2.83	04-02-21			25,000,000	100.00	25,000,000.00	100.00	25,000,000.00	292,826.39	25,292,826.39	A+	0.49
NORDEA BANK ABP NY	1.85	08-26-22			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	12,847.22	50,012,847.22	AA-	0.98
					702,678,000		702,970,567.36		702,678,000.00	4,994,857.06	707,672,857.06		13.77
COMMERCIAL PAPER													
NATIXIS NY BRANCH	0.00	09-03-19			25,000,000	99.12	24,780,381.94	99.98	24,994,725.00	0.00	24,994,725.00	A-1	0.49
AMERICAN HONDA FINANCE	0.00	09-05-19			20,000,000	99.28	19,856,133.33	99.97	19,993,080.00	0.00	19,993,080.00	A-1	0.39
COOPERATIEVE RABOBANK UA	0.00	09-13-19			50,000,000	98.54	49,271,833.33	99.91	49,953,600.00	0.00	49,953,600.00	A-1	0.98
JP MORGAN SECURITIES LLC	0.00	09-16-19			20,000,000	98.70	19,739,561.11	99.88	19,976,980.00	0.00	19,976,980.00	A-1	0.39
JP MORGAN SECURITIES LLC	0.00	09-23-19			20,000,000	98.73	19,745,594.44	99.84	19,967,680.00	0.00	19,967,680.00	A-1	0.39
BNP PARIBAS NY	0.00	10-03-19			25,000,000	98.71	24,678,222.22	99.77	24,941,325.00	0.00	24,941,325.00	A-1	0.49
TOYOTA MOTOR CREDIT CORP	0.00	10-09-19			25,000,000	98.77	24,691,319.44	99.72	24,931,200.00	0.00	24,931,200.00	A-1+	0.49
EXXON MOBIL CORP	0.00	10-17-19			25,000,000	99.30	24,824,222.22	99.71	24,926,900.00	0.00	24,926,900.00	A-1+	0.49
BANK OF MONTREAL CHICAGO	0.00	10-22-19			25,000,000	98.71	24,677,843.75	99.63	24,908,450.00	0.00	24,908,450.00	A-1	0.49
COOPERATIEVE RABOBANK UA	0.00	11-04-19			25,000,000	98.71	24,677,083.33	99.55	24,887,150.00	0.00	24,887,150.00	A-1	0.49

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
NATIXIS NY BRANCH	0.00	11-04-19			25,000,000	98.72	24,680,000.00	99.54	24,884,450.00	0.00	24,884,450.00	A-1	0.49
NATIXIS NY BRANCH	0.00	11-05-19			10,000,000	99.04	9,904,450.00	99.57	9,957,100.00	0.00	9,957,100.00	A-1	0.20
ING (US) FUNDING LLC -FRN	2.31	11-08-19			50,000,000	100.00	50,000,000.00	100.00	50,000,000.00	0.00	50,000,000.00	A-1	0.98
CREDIT AGRICOLE CIB NY	0.00	01-31-20			25,000,000	98.07	24,518,125.00	98.91	24,726,950.00	0.00	24,726,950.00	A-1	0.48
MUFG BANK LTD/NY	0.00	02-21-20			20,000,000	98.09	19,618,916.67	98.77	19,753,500.00	0.00	19,753,500.00	A-1	0.39
MUFG BANK LTD/NY	0.00	02-21-20			30,000,000	98.13	29,439,183.33	98.77	29,630,250.00	0.00	29,630,250.00	A-1	0.58
					420,000,000		415,102,870.11		418,433,340.00	0.00	418,433,340.00		8.20
LOCAL AGENCY INVESTMENT FUND													
LAIF	2.38	09-01-19			65,000,000	100.00	65,000,000.00	100.00	65,000,000.00	201,969.44	65,201,969.44	NR	1.27
REPURCHASE AGREEMENTS													
REPURCHASE AGREEMENT(U.S. TREA	2.12	09-03-19			191,500,000	100.00	191,500,000.00	100.00	191,500,000.00	11,092.35	191,511,092.35	AA+	3.75
UNITED STATES TREASURY-BILLS													
UNITED STATES TREAS BILL	0.00	09-03-19			30,000,000	99.84	29,951,933.40	100.00	30,000,000.00	0.00	30,000,000.00	A-1+	0.59
UNITED STATES TREAS BILL	0.00	09-03-19			10,000,000	99.86	9,985,772.22	100.00	10,000,000.00	0.00	10,000,000.00	A-1+	0.20
UNITED STATES TREAS BILL	0.00	09-03-19			5,000,000	99.86	4,992,886.11	100.00	5,000,000.00	0.00	5,000,000.00	A-1+	0.10
UNITED STATES TREAS BILL	0.00	12-05-19			12,500,000	98.95	12,368,137.85	99.50	12,438,025.00	0.00	12,438,025.00	A-1+	0.24
UNITED STATES TREAS BILL	0.00	12-26-19			40,000,000	98.97	39,588,426.11	99.40	39,759,160.00	0.00	39,759,160.00	A-1+	0.78
UNITED STATES TREAS BILL	0.00	02-23-20			15,000,000	99.08	14,861,610.45	99.17	14,875,080.00	0.00	14,875,080.00	A-1+	0.29
UNITED STATES TREAS BILL	0.00	02-27-20			25,000,000	97.64	24,410,456.60	99.10	24,775,050.00	0.00	24,775,050.00	A-1+	0.49
					137,500,000		136,159,222.74		136,847,315.00	0.00	136,847,315.00		2.68
UNITED STATES TREASURY-NOTES													
UNITED STATES TREAS NTS	1.75	10-31-20			25,400,000	100.14	25,435,287.37	100.02	25,403,962.40	149,381.15	25,553,343.55	AA+	0.50
UNITED STATES TREAS NTS	2.25	02-15-21			25,000,000	100.46	25,115,234.38	100.87	25,217,775.00	24,456.52	25,242,231.52	AA+	0.49
UNITED STATES TREAS NTS	2.50	02-28-21			10,500,000	101.89	10,698,622.62	101.26	10,632,478.50	0.00	10,632,478.50	AA+	0.21
UNITED STATES TREAS NTS	2.62	06-15-21			20,000,000	102.34	20,468,890.88	101.84	20,368,760.00	110,450.82	20,479,210.82	AA+	0.40
UNITED STATES TREAS NTS	1.12	07-31-21			50,000,000	100.00	50,000,000.00	99.19	49,595,700.00	47,384.51	49,643,084.51	AA+	0.97
UNITED STATES TREAS NTS	1.12	07-31-21			23,500,000	98.58	23,166,777.34	99.19	23,309,979.00	22,270.72	23,332,249.72	AA+	0.46
UNITED STATES TREAS NTS	2.75	08-15-21			10,000,000	101.93	10,192,968.75	102.30	10,230,080.00	11,956.52	10,242,036.52	AA+	0.20
UNITED STATES TREAS NTS	2.75	08-15-21			14,160,000	101.82	14,417,756.25	102.30	14,485,793.28	16,930.43	14,502,723.71	AA+	0.28
UNITED STATES TREAS NTS	2.75	08-15-21			17,400,000	102.44	17,825,129.76	102.30	17,800,339.20	20,804.35	17,821,143.55	AA+	0.35
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.62	49,812,500.00	99.21	49,605,450.00	4,585.60	49,610,035.60	AA+	0.97
UNITED STATES TREAS NTS	1.12	08-31-21			50,000,000	99.75	49,875,000.00	99.21	49,605,450.00	4,585.60	49,610,035.60	AA+	0.97
UNITED STATES TREAS NTS	1.12	09-30-21			50,000,000	99.78	49,890,625.00	99.19	49,595,700.00	235,394.02	49,831,094.02	AA+	0.97
UNITED STATES TREAS NTS	2.87	10-15-21			25,000,000	102.99	25,747,214.40	102.81	25,703,125.00	271,004.10	25,974,129.10	AA+	0.50
UNITED STATES TREAS NTS	1.25	10-31-21			50,000,000	100.00	50,000,000.00	99.44	49,720,700.00	210,040.98	49,930,740.98	AA+	0.97
UNITED STATES TREAS NTS	2.88	11-15-21			30,000,000	103.64	31,091,015.63	102.95	30,883,590.00	253,433.15	31,137,023.15	AA+	0.61
UNITED STATES TREAS NTS	2.12	12-31-21			20,000,000	101.76	20,351,460.60	101.45	20,290,620.00	71,994.54	20,362,614.54	AA+	0.40
UNITED STATES TREAS NTS	2.50	01-15-22			16,700,000	101.75	16,991,852.92	102.36	17,093,368.50	53,322.01	17,146,690.51	AA+	0.34
UNITED STATES TREAS NTS	2.25	04-15-22			40,000,000	101.62	40,649,001.02	102.02	40,806,240.00	339,344.26	41,145,584.26	AA+	0.80
UNITED STATES TREAS NTS	2.12	05-15-22			25,000,000	101.31	25,328,082.54	101.76	25,439,450.00	155,910.33	25,595,360.33	AA+	0.50
UNITED STATES TREAS NTS	1.75	05-31-22			25,200,000	100.07	25,217,611.17	100.79	25,398,853.20	111,448.37	25,510,301.57	AA+	0.50
UNITED STATES TREAS NTS	2.12	06-30-22			32,500,000	102.01	33,153,587.80	101.93	33,127,152.50	116,355.30	33,243,507.80	AA+	0.65

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
UNITED STATES TREAS NTS	2.00	07-31-22			10,000,000	100.51	10,050,781.25	101.62	10,161,720.00	16,847.83	10,178,567.83	AA+	0.20
UNITED STATES TREAS NTS	2.00	07-31-22			25,000,000	100.45	25,113,281.25	101.62	25,404,300.00	42,119.57	25,446,419.57	AA+	0.50
UNITED STATES TREAS NTS	1.62	08-31-22			50,000,000	99.62	49,808,593.75	100.54	50,271,500.00	339,651.64	50,611,151.64	AA+	0.99
UNITED STATES TREAS NTS	1.87	09-30-22			50,000,000	99.73	49,863,281.25	101.35	50,675,800.00	392,323.37	51,068,123.37	AA+	0.99
UNITED STATES TREAS NTS	2.00	10-31-22			50,000,000	99.84	49,919,921.88	101.74	50,871,100.00	390,710.38	51,261,810.38	AA+	1.00
UNITED STATES TREAS NTS	2.00	11-30-22			50,000,000	99.49	49,746,093.75	101.79	50,894,550.00	251,366.12	51,145,916.12	AA+	1.00
UNITED STATES TREAS NTS	2.12	12-31-22			25,000,000	101.10	25,275,263.25	102.26	25,565,425.00	91,493.06	25,656,918.06	AA+	0.50
UNITED STATES TREAS NTS	2.75	05-31-23			50,000,000	105.12	52,557,761.27	104.78	52,390,600.00	347,486.41	52,738,086.41	AA+	1.03
UNITED STATES TREAS NTS	2.62	06-30-23			25,000,000	103.12	25,779,254.41	104.46	26,116,200.00	110,563.86	26,226,763.86	AA+	0.51
UNITED STATES TREAS NTS	2.75	07-31-23			25,000,000	103.65	25,912,109.38	105.00	26,249,025.00	57,914.40	26,306,939.40	AA+	0.51
UNITED STATES TREAS NTS	2.75	07-31-23			35,000,000	105.05	36,768,011.21	105.00	36,748,635.00	81,080.16	36,829,715.16	AA+	0.72
UNITED STATES TREAS NTS	2.75	08-31-23			11,800,000	104.55	12,336,691.58	105.11	12,403,369.40	2,645.38	12,406,014.78	AA+	0.24
UNITED STATES TREAS NTS	2.75	08-31-23			24,500,000	106.01	25,971,414.74	105.11	25,752,758.50	5,492.53	25,758,251.03	AA+	0.50
UNITED STATES TREAS NTS	2.87	09-30-23			9,485,000	105.24	9,981,938.03	105.73	10,028,537.92	113,994.93	10,142,532.85	AA+	0.20
UNITED STATES TREAS NTS	2.87	09-30-23			22,425,000	106.53	23,890,077.98	105.73	23,710,064.63	269,513.58	23,979,578.20	AA+	0.46
UNITED STATES TREAS NTS	1.62	10-31-23			50,000,000	100.16	50,078,125.00	100.82	50,412,100.00	273,053.28	50,685,153.28	AA+	0.99
UNITED STATES TREAS NTS	2.87	11-30-23			26,000,000	104.67	27,213,311.13	105.96	27,550,848.00	187,896.17	27,738,744.17	AA+	0.54
UNITED STATES TREAS NTS	2.62	12-31-23			25,000,000	103.64	25,908,840.01	105.04	26,258,800.00	111,168.03	26,369,968.03	AA+	0.51
UNITED STATES TREAS NTS	2.50	01-31-24			18,900,000	103.60	19,580,310.12	104.59	19,768,228.20	0.00	19,768,228.20	AA+	0.39
UNITED STATES TREAS NTS	2.50	01-31-24			43,000,000	104.52	44,943,836.61	104.59	44,975,334.00	0.00	44,975,334.00	AA+	0.88
UNITED STATES TREAS NTS	2.12	02-29-24			15,500,000	103.38	16,024,283.29	103.05	15,973,478.50	0.00	15,973,478.50	AA+	0.31
					1,251,970,000		1,272,151,799.57		1,276,496,940.73	5,316,373.97	1,281,813,314.70		25.02
FEDERAL AGENCY - FLOATING RATE SECURITIES													
FEDERAL HOME LOAN BANK - FRN	2.19	11-15-19			20,000,000	100.00	20,000,000.00	100.01	20,001,388.60	19,511.11	20,020,899.71	AA+	0.39
FREDDIE MAC	2.10	05-20-20			10,000,000	100.06	10,006,455.42	99.99	9,998,530.70	6,431.94	10,004,962.64	AA+	0.20
FEDERAL FARM CREDIT BANK-FRN	2.15	05-26-20			10,000,000	100.00	10,000,000.00	99.98	9,997,840.00	2,979.51	10,000,819.51	AA+	0.20
FEDERAL HOME LOAN BANK	2.42	06-19-20			19,650,000	100.00	19,650,000.00	99.99	19,648,644.94	96,626.15	19,745,271.08	AA+	0.39
FEDERAL FARM CR BKS FDG CORP	2.21	12-11-20			5,000,000	100.00	5,000,000.00	99.97	4,998,746.30	6,141.33	5,004,887.63	AA+	0.10
FEDERAL FARM CR BKS FDG CORP	2.21	08-09-21			15,000,000	100.00	15,000,000.00	99.80	14,970,739.95	20,269.79	14,991,009.74	AA+	0.29
FEDERAL FARM CR BKS FDG CORP	2.33	09-17-21			15,000,000	100.00	15,000,000.00	99.83	14,974,071.90	13,615.76	14,987,687.66	AA+	0.29
FEDERAL FARM CR BKS FDG CORP	2.33	09-17-21			5,000,000	100.00	5,000,000.00	99.83	4,991,357.30	4,538.59	4,995,895.89	AA+	0.10
FEDERAL FARM CR BKS FDG CORP	2.14	11-08-21			10,000,000	100.00	10,000,000.00	99.73	9,973,052.10	13,672.61	9,986,724.71	AA+	0.20
FEDERAL FARM CR BKS FDG CORP	2.14	11-08-21			5,000,000	100.00	5,000,000.00	99.73	4,986,526.05	6,836.30	4,993,362.35	AA+	0.10
					114,650,000		114,656,455.42		114,540,897.84	190,623.09	114,731,520.93		2.25
FEDERAL AGENCY SECURITIES													
FEDERAL HOME DISCOUNT NOTE	0.00	09-06-19			25,000,000	98.79	24,697,152.78	99.98	24,995,687.50	0.00	24,995,687.50	AA+	0.49
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			5,000,000	99.44	4,971,850.00	99.99	4,999,520.30	41,076.39	5,040,596.69	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			5,000,000	99.44	4,971,850.00	99.99	4,999,520.30	41,076.39	5,040,596.69	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.75	09-12-19			25,137,000	100.02	25,142,369.54	99.99	25,134,588.36	206,507.44	25,341,095.79	AA+	0.49
FEDERAL HOME LOAN BANK	0.00	09-17-19			15,000,000	98.82	14,822,533.33	99.92	14,987,925.00	0.00	14,987,925.00	AA+	0.29
FEDERAL HOME LOAN BANK	0.00	09-18-19			12,500,000	98.81	12,351,270.83	99.91	12,489,218.75	0.00	12,489,218.75	AA+	0.24
FEDERAL HOME LOAN BANK	0.00	09-19-19			15,000,000	98.80	14,820,516.67	99.91	14,986,200.00	0.00	14,986,200.00	AA+	0.29
FEDERAL HOME LOAN BANK	0.00	09-20-19			10,000,000	98.76	9,876,442.20	99.90	9,990,225.00	0.00	9,990,225.00	AA+	0.20
FED HOME LN DISCOUNT NT	0.00	09-25-19			45,000,000	99.45	44,754,300.00	99.87	44,943,075.00	0.00	44,943,075.00	AA+	0.88

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK	1.00	09-26-19			5,000,000	99.91	4,995,650.00	99.92	4,996,089.75	21,527.78	5,017,617.53	AA+	0.10
FEDERAL HOME LOAN BANK	1.00	09-26-19			10,000,000	99.91	9,991,300.00	99.92	9,992,179.50	43,055.56	10,035,235.06	AA+	0.20
FEDERAL HOME LOAN BANK	1.00	09-26-19			10,000,000	99.91	9,991,300.00	99.92	9,992,179.50	43,055.56	10,035,235.06	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	09-27-19			15,000,000	98.76	14,813,458.33	99.86	14,979,300.00	0.00	14,979,300.00	AA+	0.29
FEDERAL HOME DISCOUNT NOTE	0.00	09-27-19			25,000,000	98.76	24,689,097.22	99.86	24,965,500.00	0.00	24,965,500.00	AA+	0.49
FEDERAL HOME DISCOUNT NOTE	0.00	09-30-19			10,000,000	98.74	9,873,622.22	99.84	9,984,475.00	0.00	9,984,475.00	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	09-30-19			10,000,000	99.75	9,975,000.00	99.84	9,984,475.00	0.00	9,984,475.00	AA+	0.20
FEDERAL HOME LOAN BANK	0.00	10-01-19			6,000,000	98.72	5,923,366.67	99.84	5,990,526.66	0.00	5,990,526.66	AA+	0.12
FEDERAL HOME LOAN BANK	0.00	10-01-19			6,000,000	98.72	5,923,366.67	99.84	5,990,526.66	0.00	5,990,526.66	AA+	0.12
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL NATIONAL MORTGAGE	1.10	10-17-19			2,500,000	99.95	2,498,750.00	99.88	2,496,983.85	10,236.11	2,507,219.96	AA+	0.05
FEDERAL HOME LOAN BANK	1.50	10-21-19			5,000,000	99.82	4,991,150.00	99.92	4,996,086.25	29,166.67	5,025,252.92	AA+	0.10
FEDERAL HOME LOAN BANK	1.50	10-21-19			5,000,000	99.82	4,991,150.00	99.92	4,996,086.25	29,166.67	5,025,252.92	AA+	0.10
FEDERAL HOME LOAN BANK	1.50	10-21-19			10,000,000	99.82	9,982,300.00	99.92	9,992,172.50	58,333.33	10,050,505.83	AA+	0.20
FEDERAL HOME LOAN BANK	1.50	10-21-19			10,000,000	99.82	9,982,300.00	99.92	9,992,172.50	58,333.33	10,050,505.83	AA+	0.20
FEDERAL HOME DISCOUNT NOTE	0.00	10-23-19			15,000,000	98.79	14,819,025.00	99.72	14,957,708.40	0.00	14,957,708.40	AA+	0.29
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			5,000,000	99.98	4,998,850.00	99.87	4,993,448.75	20,243.06	5,013,691.81	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	11-15-19			10,000,000	99.98	9,997,700.00	99.87	9,986,897.50	40,486.11	10,027,383.61	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.75	11-26-19			7,500,000	99.55	7,466,550.00	99.93	7,494,835.35	101,354.17	7,596,189.52	AA+	0.15
FEDERAL HOME LOAN BANK	2.55	12-19-19	09-19-19	100.00	5,000,000	100.00	5,000,000.00	100.03	5,001,433.10	0.00	5,001,433.10	AA+	0.10
FEDERAL HOME LOAN BANK	2.55	12-19-19	09-19-19	100.00	20,000,000	100.00	20,000,000.00	100.03	20,005,732.40	0.00	20,005,732.40	AA+	0.39
FEDERAL NATIONAL MORTGAGE	1.62	01-21-20			10,000,000	99.90	9,989,900.00	99.88	9,987,688.30	18,055.56	10,005,743.86	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.65	01-27-20	10-27-19	100.00	2,500,000	100.00	2,500,000.00	99.85	2,496,214.90	3,895.83	2,500,110.73	AA+	0.05
FEDERAL HOME LOAN BANK	2.15	02-14-20	11-14-19	100.00	2,500,000	100.00	2,500,000.00	100.01	2,500,147.45	2,538.19	2,502,685.64	AA+	0.05
FEDERAL HOME LOAN BANK	2.15	02-14-20	11-14-19	100.00	5,000,000	100.00	5,000,000.00	100.01	5,000,294.90	5,076.39	5,005,371.29	AA+	0.10
FEDERAL HOME LOAN BANK	2.37	03-30-20			20,000,000	99.98	19,996,400.00	100.29	20,058,356.80	203,194.44	20,261,551.24	AA+	0.39
FEDERAL HOME LOAN BANK	2.37	03-30-20			9,000,000	99.98	8,998,380.00	100.29	9,026,260.56	91,437.50	9,117,698.06	AA+	0.18
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	99.84	2,496,044.02	12,513.89	2,508,557.91	AA+	0.05
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	99.84	4,992,088.05	25,027.78	5,017,115.83	AA+	0.10
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			10,000,000	100.00	10,000,000.00	99.84	9,984,176.10	50,055.56	10,034,231.66	AA+	0.20
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			5,000,000	100.00	5,000,000.00	99.84	4,992,088.05	25,027.78	5,017,115.83	AA+	0.10
FEDERAL HOME LOAN BANK-1	1.70	05-15-20			2,500,000	100.00	2,500,000.00	99.84	2,496,044.02	12,513.89	2,508,557.91	AA+	0.05
FEDERAL HOME LOAN BANK	2.62	05-28-20			5,000,000	99.96	4,998,200.00	100.55	5,027,377.80	168,437.50	5,195,815.30	AA+	0.10
FEDERAL HOME LOAN BANK	2.62	05-28-20			20,000,000	99.96	19,992,800.00	100.55	20,109,511.20	673,750.00	20,783,261.20	AA+	0.39
FEDERAL NATIONAL MORTGAGE	1.50	06-22-20			10,000,000	99.65	9,965,100.00	99.71	9,970,920.30	28,750.00	9,999,670.30	AA+	0.20
FEDERAL NATIONAL MORTGAGE	1.80	07-24-20	10-24-19	100.00	25,000,000	99.36	24,838,975.00	99.91	24,976,384.50	46,250.00	25,022,634.50	AA+	0.49
FEDERAL HOME LOAN BANK	2.12	08-06-20	11-06-19	100.00	10,000,000	100.00	10,000,000.00	99.95	9,994,673.50	14,756.94	10,009,430.44	AA+	0.20
FEDERAL HOME LOAN BANK	2.00	08-27-20	11-27-19	100.00	10,000,000	100.00	10,000,000.00	99.95	9,995,026.90	2,222.22	9,997,249.12	AA+	0.20
FEDERAL HOME LOAN BANK	2.00	08-27-20	11-27-19	100.00	10,000,000	100.00	10,000,000.00	99.99	9,999,320.10	2,222.22	10,001,542.32	AA+	0.20
FEDERAL HOME LOAN BANK	1.37	09-28-20			5,000,000	99.68	4,983,950.00	99.62	4,980,765.05	29,218.75	5,009,983.80	AA+	0.10
FEDERAL HOME LOAN BANK	1.37	09-28-20			10,000,000	99.68	9,967,900.00	99.62	9,961,530.10	58,437.50	10,019,967.60	AA+	0.20
FEDERAL HOME LOAN MORTGAGE	1.62	09-29-20			15,000,000	99.82	14,972,850.00	99.97	14,995,528.20	102,916.67	15,098,444.87	AA+	0.29

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE
PORTFOLIO APPRAISAL
SAN MATEO COUNTY POOL
August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
FEDERAL HOME LOAN BANK	2.62	10-01-20			25,000,000	99.78	24,946,250.00	101.00	25,249,068.75	644,083.33	25,893,152.08	AA+	0.49
FEDERAL HOME LOAN BANK	1.95	11-05-20	11-05-19	100.00	5,000,000	98.11	4,905,750.00	100.03	5,001,578.90	15,166.67	5,016,745.57	AA+	0.10
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			5,000,000	100.42	5,021,100.00	100.73	5,036,690.50	30,312.50	5,067,003.00	AA+	0.10
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.73	7,555,035.75	45,468.75	7,600,504.50	AA+	0.15
FEDERAL HOME LOAN MORTGAGE	2.25	11-24-20			7,500,000	100.42	7,531,650.00	100.73	7,555,035.75	45,468.75	7,600,504.50	AA+	0.15
FEDERAL NATIONAL MORTGAGE	1.50	11-30-20			5,000,000	99.91	4,995,350.00	99.80	4,990,075.25	18,750.00	5,008,825.25	AA+	0.10
FEDERAL HOME LOAN BANK	2.20	01-29-21	10-29-19	100.00	2,500,000	100.00	2,500,000.00	100.02	2,500,466.95	4,888.89	2,505,355.84	AA+	0.05
FEDERAL HOME LOAN BANK	2.20	01-29-21	10-29-19	100.00	2,500,000	100.00	2,500,000.00	100.02	2,500,466.95	4,888.89	2,505,355.84	AA+	0.05
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	5,000,000	100.00	5,000,000.00	100.08	5,003,857.35	10,000.00	5,013,857.35	AA+	0.10
FEDERAL HOME LOAN BANK	2.25	01-29-21	01-29-20	100.00	2,500,000	100.00	2,500,000.00	100.08	2,501,928.67	5,000.00	2,506,928.67	AA+	0.05
FEDERAL FARM CREDIT BANK	2.44	05-14-21	11-14-19	100.00	25,000,000	99.90	24,975,000.00	100.06	25,014,627.00	181,305.56	25,195,932.56	AA+	0.49
FEDERAL FARM CREDIT BANK	2.12	06-07-21			20,000,000	100.44	20,087,138.89	100.92	20,183,486.20	99,166.67	20,282,652.87	AA+	0.40
FEDERAL HOME LOAN BANK	2.25	06-11-21			25,000,000	100.84	25,209,062.50	101.19	25,297,722.50	125,000.00	25,422,722.50	AA+	0.50
FEDERAL HOME LOAN BANK	2.25	06-11-21			30,000,000	100.74	30,222,300.00	101.19	30,357,267.00	150,000.00	30,507,267.00	AA+	0.60
FEDERAL NATIONAL MORTGAGE	2.75	06-22-21			25,000,000	99.98	24,994,250.00	102.16	25,539,032.75	131,770.83	25,670,803.58	AA+	0.50
FED FARM CREDIT	2.10	06-24-21	06-24-20	100.00	15,000,000	100.00	15,000,000.00	100.26	15,039,268.95	58,625.00	15,097,893.95	AA+	0.29
FEDERAL HOME LOAN BANK	1.87	07-07-21			25,000,000	99.76	24,940,250.00	100.60	25,149,039.50	70,312.50	25,219,352.00	AA+	0.49
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL HOME LOAN BANK	1.12	07-14-21			5,000,000	99.51	4,975,350.00	99.25	4,962,728.30	7,343.75	4,970,072.05	AA+	0.10
FEDERAL NATIONAL MORTGAGE	1.25	08-17-21			10,000,000	99.59	9,959,500.00	99.41	9,941,474.50	4,861.11	9,946,335.61	AA+	0.19
FEDERAL HOME LOAN BANK	2.70	04-29-22	10-29-19	100.00	40,000,000	100.03	40,012,000.00	100.08	40,033,345.60	372,000.00	40,405,345.60	AA+	0.78
FEDERAL HOME LOAN BANK	2.12	06-10-22			40,000,000	100.76	40,305,672.22	101.67	40,668,719.20	191,250.00	40,859,969.20	AA+	0.80
FEDERAL HOME LOAN BANK	2.12	06-10-22			25,000,000	100.75	25,186,600.69	101.67	25,417,949.50	119,531.25	25,537,480.75	AA+	0.50
FEDERAL HOME LOAN BANK	5.25	06-10-22			15,000,000	109.98	16,496,512.50	110.11	16,517,213.55	177,187.50	16,694,401.05	AA+	0.32
FEDERAL HOME LOAN BANK	2.50	12-09-22			15,000,000	102.11	15,316,800.00	103.09	15,463,267.50	85,416.67	15,548,684.17	AA+	0.30
FEDERAL HOME LOAN BANK	2.12	06-09-23			20,000,000	100.89	20,178,461.11	102.36	20,471,901.80	96,805.56	20,568,707.36	AA+	0.40
FEDERAL HOME LOAN BANK	2.12	06-09-23			10,000,000	101.05	10,105,411.11	102.36	10,235,950.90	48,402.78	10,284,353.68	AA+	0.20
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FREDDIE MAC	2.87	02-28-24	02-28-20	100.00	2,500,000	100.00	2,500,000.00	100.47	2,511,752.72	0.00	2,511,752.72	AA+	0.05
FEDERAL HOME LOAN BANK	2.87	06-14-24			5,000,000	104.49	5,224,678.47	106.37	5,318,443.25	30,746.53	5,349,189.78	AA+	0.10
					1,006,137,000		1,006,532,763.95		1,011,724,873.19	5,194,240.08	1,016,919,113.26		19.83
US INSTRUMENTALITIES													
IBRD DISCOUNT NOTE	0.00	09-13-19			20,000,000	98.82	19,763,377.80	99.94	19,988,500.00	0.00	19,988,500.00	AAA	0.39
IBRD DISCOUNT NOTE	0.00	09-16-19			20,000,000	98.79	19,758,350.00	99.93	19,985,050.00	0.00	19,985,050.00	AAA	0.39
INTERNATIONAL FIN. CORP	1.75	09-16-19			50,000,000	99.84	49,918,239.28	99.99	49,993,000.00	323,263.89	50,316,263.89	AAA	0.98
IBRD DISCOUNT NOTE	0.00	01-02-20			10,000,000	99.05	9,904,902.80	99.36	9,936,138.90	0.00	9,936,138.90	AAA	0.19
IBRD DISCOUNT NOTE	0.00	01-06-20			5,000,000	99.03	4,951,312.50	99.34	4,967,013.90	0.00	4,967,013.90	AAA	0.10
INTL BK RECON & DEVELOP	1.87	04-21-20			10,000,000	99.91	9,991,300.00	99.97	9,996,588.30	67,708.33	10,064,296.63	AAA	0.20
INTL BK RECON & DEVELOP-FLTR	2.35	08-21-20			15,000,000	100.08	15,012,000.00	100.06	15,008,578.50	362,291.67	15,370,870.17	AAA	0.29
INTL BK RECON & DEVELOP	1.62	09-04-20			5,000,000	99.98	4,998,950.00	99.82	4,991,038.80	39,947.92	5,030,986.72	AAA	0.10
INTL BK RECON & DEVELOP	1.62	03-09-21			20,000,000	99.85	19,969,400.00	99.99	19,998,171.00	155,277.78	20,153,448.78	AAA	0.39

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
INTL BK RECON & DEVELOP	1.37	05-24-21			20,000,000	99.74	19,948,000.00	99.61	19,921,082.00	74,097.22	19,995,179.22	AAA	0.39
INTER-AMERICAN DEVEL BK-FRN	2.60	01-15-22			10,000,000	100.00	10,000,000.00	99.88	9,988,200.00	33,183.89	10,021,383.89	AAA	0.20
INTL BK RECON & DEVELOP	2.00	01-26-22			10,000,000	99.46	9,945,700.00	101.15	10,114,965.10	19,444.44	10,134,409.54	AAA	0.20
					195,000,000		194,161,532.38		194,888,326.50	1,075,215.14	195,963,541.64		3.82
FLOATING RATE SECURITIES													
IBM CREDIT CORP-FRN	2.62	09-06-19			20,000,000	100.00	20,000,000.00	100.00	20,000,451.00	125,387.04	20,125,838.04	A	0.39
PROCTER & GAMBLE CO. - FLOATER	2.52	11-01-19			10,500,000	100.35	10,536,750.00	100.06	10,506,521.65	22,077.39	10,528,599.04	AA-	0.21
BERKSHIRE HATHAWAY FIN FRN	2.66	01-10-20			10,000,000	100.00	10,000,000.00	100.15	10,015,300.00	38,389.72	10,053,689.72	AA	0.20
US BANK NA CINCINNATI-FRN	2.60	01-24-20	12-24-19	100.00	10,000,000	100.00	10,000,000.00	100.09	10,009,096.20	27,473.47	10,036,569.67	AA-	0.20
WELLS FARGO & COMPANY	2.87	03-25-20	02-21-20	100.00	12,000,000	100.00	12,000,000.00	100.12	12,014,640.00	64,096.67	12,078,736.67	AA-	0.24
APPLE INC.-FRN	2.77	05-11-20			5,000,000	100.00	5,000,000.00	100.01	5,000,300.00	7,686.11	5,007,986.11	AA+	0.10
BANK OF NY MELLON CORP.-FRN	2.99	08-17-20			5,000,000	100.00	5,000,000.00	100.77	5,038,602.75	5,821.18	5,044,423.93	A	0.10
TOYOTA MOTOR CREDIT CORP	2.30	08-21-20			7,000,000	99.99	6,998,978.00	100.03	7,002,372.30	4,475.14	7,006,847.44	AA-	0.14
TOYOTA MOTOR CREDIT CORP.-FRN	2.57	09-18-20			10,021,000	99.97	10,018,494.75	100.13	10,033,934.91	52,979.91	10,086,914.82	AA-	0.20
US BANK NA OHIO-FLT	2.60	02-04-21			8,000,000	100.00	8,000,000.00	100.17	8,013,350.40	0.00	8,013,350.40	A+	0.16
UNITED PARCEL SERVICE-FRN	2.47	04-01-21			10,000,000	100.00	10,000,000.00	99.89	9,989,104.80	41,833.80	10,030,938.60	A+	0.20
US BANK NA OHIO-FRN	2.59	04-26-21			10,000,000	100.00	10,000,000.00	100.12	10,012,282.30	349,195.05	10,361,477.35	AA-	0.20
WELLS FARGO BANK NA-FLTR	2.53	05-21-21	05-21-21	100.00	20,000,000	100.00	20,000,000.00	100.07	20,013,303.60	14,063.89	20,027,367.49	A+	0.39
WELLS FARGO BANK NA-FRN	2.76	07-23-21	07-23-20	100.00	13,765,000	100.28	13,803,129.05	100.23	13,796,949.80	41,148.10	13,838,097.91	A+	0.27
WELLS FARGO BANK NA-FRN	2.76	07-23-21	07-23-20	100.00	9,000,000	100.28	9,024,930.00	100.23	9,020,889.81	26,903.95	9,047,793.76	A+	0.18
BANK OF AMERICA CORP.	2.33	10-01-21	10-01-20	100.00	18,000,000	99.03	17,826,108.00	100.17	18,029,734.38	174,600.00	18,204,334.38	A-	0.35
US BANK NA OHIO-FLT	2.55	11-16-21	10-15-21	100.00	10,000,000	100.00	10,000,000.00	100.22	10,022,185.50	10,618.25	10,032,803.75	A+	0.20
WELLS FARGO & COMPANY-FRN-1	3.11	02-11-22	02-11-21	100.00	10,000,000	100.00	10,000,000.00	100.58	10,057,604.60	17,283.33	10,074,887.93	A+	0.20
APPLE INC.-FRN	2.53	05-11-22			7,500,000	100.48	7,536,000.00	100.42	7,531,407.82	10,545.83	7,541,953.66	AA+	0.15
UNITED PARCEL SERVICE-FRN	2.55	05-16-22			5,000,000	100.00	5,000,000.00	100.28	5,014,143.50	5,309.12	5,019,452.62	A+	0.10
					210,786,000		210,744,389.80		211,122,175.33	1,039,887.98	212,162,063.31		4.14
CORPORATE BONDS													
PROCTER & GAMBLE CO	1.75	10-25-19			10,000,000	99.96	9,996,500.00	99.95	9,994,800.00	62,222.22	10,057,022.22	AA-	0.20
US BANK NA	2.12	10-28-19			10,000,000	99.91	9,991,000.00	99.98	9,998,475.10	72,604.17	10,071,079.27	AA-	0.20
CHEVRON CORP	2.19	11-15-19	10-15-19	100.00	3,000,000	99.23	2,976,900.00	100.02	3,000,587.04	19,737.00	3,020,324.04	AA	0.06
BLACKROCK INC	5.00	12-10-19			8,000,000	101.28	8,102,773.33	100.75	8,060,202.72	90,000.00	8,150,202.72	AA-	0.16
TOYOTA MOTOR CREDIT CORP	2.20	01-10-20			21,500,000	99.88	21,473,770.00	100.00	21,500,093.10	67,008.33	21,567,101.43	AA-	0.42
CISCO SYSTEMS INC	4.45	01-15-20			20,000,000	101.39	20,278,200.00	100.85	20,169,314.60	113,722.22	20,283,036.82	AA-	0.40
JP MORGAN CHASE	2.25	01-23-20			9,000,000	99.70	8,972,730.00	100.03	9,003,061.80	21,375.00	9,024,436.80	A-	0.18
APPLE INC.	1.55	02-07-20			3,400,000	99.15	3,371,100.00	99.76	3,391,821.37	3,513.33	3,395,334.70	AA+	0.07
MICROSOFT CORP.	1.85	02-12-20			19,000,000	99.83	18,967,510.00	99.96	18,991,494.27	18,551.39	19,010,045.66	AAA	0.37
BANK OF NEW YORK MELLON	2.15	02-24-20	01-24-20	100.00	10,000,000	99.40	9,940,500.00	100.00	9,999,691.50	4,180.56	10,003,872.06	A	0.20
AMERICAN EXPRESS CREDIT CORP.	2.20	03-03-20	02-03-20	100.00	10,000,000	99.77	9,976,914.56	100.05	10,004,724.80	89,222.22	10,093,947.02	A-	0.20
CHEVRON CORP.-FRN	1.96	03-03-20	02-03-20	100.00	7,183,000	98.65	7,086,029.50	99.98	7,181,361.63	34,823.38	7,216,185.01	AA	0.14
APPLE INC	1.80	05-11-20			5,242,000	99.20	5,200,064.00	99.89	5,236,290.68	28,831.00	5,265,121.68	AA+	0.10
BANK OF AMERICA CORP	5.62	07-01-20			12,000,000	103.36	12,403,428.00	102.86	12,342,716.04	112,500.00	12,455,216.04	A+	0.24
JOHN DEERE CAPITAL CORP.	2.37	07-14-20			11,035,000	99.67	10,999,025.90	100.31	11,069,246.35	34,216.16	11,103,462.51	A	0.22
ORACLE CORP.	3.87	07-15-20			10,000,000	101.61	10,160,800.00	101.62	10,161,843.00	49,513.89	10,211,356.89	AA-	0.20
ORACLE CORP.	3.87	07-15-20			5,909,000	101.48	5,996,216.84	101.62	6,004,633.03	29,257.76	6,033,890.79	AA-	0.12

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PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
ORACLE CORP.	3.87	07-15-20			10,000,000	101.65	10,164,900.00	101.62	10,161,843.00	49,513.89	10,211,356.89	AA-	0.20
HSBC USA INC.	2.75	08-07-20			11,310,000	100.07	11,317,917.00	100.63	11,381,727.45	20,284.24	11,402,011.69	A	0.22
PACCAR FINL. GROUP	2.50	08-14-20			20,000,000	99.84	19,967,200.00	100.48	20,096,857.40	23,611.11	20,120,468.51	A+	0.39
BANK OF NY MELLON	2.60	08-17-20	07-17-20	100.00	18,450,000	99.76	18,405,535.50	100.59	18,559,412.93	18,655.00	18,578,067.93	A	0.36
BANK OF NY MELLON	2.60	08-17-20	07-17-20	100.00	13,162,000	100.27	13,197,800.64	100.59	13,240,053.82	13,308.24	13,253,362.06	A	0.26
STATE STREET CORP	2.55	08-18-20			15,000,000	99.96	14,993,550.00	100.58	15,086,445.45	13,812.50	15,100,257.95	A	0.30
AMAZON.COM INC.	1.90	08-21-20			10,000,000	99.21	9,921,100.00	99.93	9,993,456.70	5,277.78	9,998,734.48	AA-	0.20
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	10,000,000	99.97	9,996,666.67	100.55	10,055,074.20	120,611.11	10,175,685.31	A-	0.20
AMERICAN EXPRESS CREDIT CORP.	2.60	09-14-20	08-14-20	100.00	14,000,000	100.25	14,035,093.33	100.55	14,077,103.88	168,855.56	14,245,959.44	A-	0.28
AMERICAN HONDA FINANCE CORP	2.45	09-24-20			7,000,000	100.11	7,007,647.50	100.49	7,034,324.01	74,793.06	7,109,117.07	A	0.14
VISA INC.	2.20	12-14-20			25,000,000	99.67	24,918,500.00	100.46	25,116,025.25	117,638.89	25,233,664.14	AA-	0.49
AMERICAN HONDA FINANCE	3.15	01-08-21			10,000,000	100.89	10,089,000.00	101.49	10,149,355.50	46,375.00	10,195,730.50	A	0.20
WELLS FARGO BANK	2.60	01-15-21			20,000,000	98.77	19,753,600.00	100.74	20,147,484.20	66,444.44	20,213,928.64	A+	0.39
WELLS FARGO BANK	2.60	01-15-21			4,000,000	99.63	3,985,400.00	100.74	4,029,496.84	13,288.89	4,042,785.73	A+	0.08
WELLS FARGO BANK	2.60	01-15-21			11,000,000	99.63	10,959,740.00	100.74	11,081,116.31	36,544.44	11,117,660.75	A+	0.22
US BANK CORP	2.35	01-29-21			20,000,000	99.64	19,928,000.00	100.53	20,106,095.60	41,777.78	20,147,873.38	A+	0.39
US BANK NA OHIO	3.00	02-04-21	01-04-21	100.00	10,000,000	99.92	9,991,900.00	101.36	10,135,814.10	0.00	10,135,814.10	A+	0.20
CISCO SYSTEM INC	2.20	02-28-21			22,018,000	100.14	22,049,705.92	100.66	22,162,707.14	4,036.63	22,166,743.77	AA-	0.43
EXXON MOBIL CORP.	2.22	03-01-21	02-01-21	100.00	15,000,000	100.06	15,008,863.33	100.61	15,091,274.10	166,650.00	15,257,924.10	AA+	0.30
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.38	9,937,838.89	100.59	10,059,456.90	115,277.78	10,174,734.68	A+	0.20
WELLS FARGO & COMPANY	2.50	03-04-21			10,000,000	99.44	9,943,711.11	100.59	10,059,456.90	115,277.78	10,174,734.68	A+	0.20
JOHN DEERE CAPITAL CORP	2.31	03-12-21			9,925,000	100.08	9,933,237.75	99.95	9,919,991.45	50,376.82	9,970,368.27	A	0.19
UNITED PARCEL SERVICE	2.05	04-01-21			20,000,000	99.84	19,968,400.00	100.09	20,018,156.80	170,833.33	20,188,990.13	A+	0.39
BANK OF NEW YORK MELLON CORP.	2.50	04-15-21	03-15-21	100.00	20,000,000	99.70	19,941,000.00	100.85	20,169,605.00	191,666.67	20,361,271.67	A	0.40
BANK OF NEW YORK	2.05	05-03-21	04-05-21	100.00	10,000,000	98.51	9,850,800.00	100.24	10,024,011.40	67,194.44	10,091,205.84	A+	0.20
PACCAR FINL. GROUP	3.10	05-10-21			5,045,000	100.81	5,085,864.50	101.92	5,141,805.93	48,221.79	5,190,027.72	A+	0.10
CATERPILLAR FINANCIAL SERVICE	2.65	05-17-21			9,715,000	99.95	9,710,336.80	101.47	9,858,087.28	74,373.72	9,932,461.00	A	0.19
PFIZER INC	1.95	06-03-21			10,000,000	98.94	9,893,700.00	100.29	10,028,790.80	47,666.67	10,076,457.47	AA	0.20
WELLS FARGO BANK NA	3.32	07-23-21			5,000,000	100.56	5,028,000.00	101.03	5,051,623.20	17,548.61	5,069,171.81	A+	0.10
JP MORGAN CHASE & CO.	4.35	08-15-21			20,000,000	103.46	20,692,200.00	104.34	20,868,590.80	38,666.67	20,907,257.47	A-	0.41
ORACLE CORP	1.90	09-15-21	08-15-21	100.00	20,000,000	98.68	19,736,466.67	99.99	19,998,534.20	175,222.22	20,173,756.42	AA-	0.39
CISCO SYSTEMS INC.	1.85	09-20-21	08-20-21	100.00	23,337,000	98.70	23,032,912.41	99.92	23,318,716.39	193,081.26	23,511,797.66	AA-	0.46
MASTERCARD INC	2.00	11-21-21	10-21-21	100.00	10,000,000	99.14	9,914,266.67	100.44	10,044,077.10	55,555.56	10,099,632.66	A+	0.20
3M COMPANY	2.75	03-01-22			10,000,000	99.95	9,995,300.00	102.26	10,226,148.60	0.00	10,226,148.60	AA-	0.20
CHEVRON CORP.	2.50	03-03-22	02-03-22	100.00	16,629,000	100.35	16,686,449.50	101.74	16,917,639.86	205,388.47	17,123,028.34	AA	0.33
PROCTER & GAMBLE	2.15	08-11-22			20,000,000	100.01	20,002,200.00	101.20	20,239,966.60	23,888.89	20,263,855.49	AA-	0.40
EXXON MOBIL CORP.	1.90	08-16-22			4,325,000	100.00	4,325,000.00	100.64	4,352,503.58	3,427.56	4,355,931.15	AA+	0.09
TOYOTA MOTOR CREDIT CORP.	2.70	01-11-23			10,000,000	101.81	10,180,950.00	102.89	10,288,658.40	37,500.00	10,326,158.40	AA-	0.20
GOLDMAN SACHS GROUP INC**	3.62	01-22-23			10,000,000	104.44	10,444,238.89	104.59	10,459,375.90	39,270.83	10,498,646.73	BBB+	0.21
AMERICAN EXPRESS CO**	3.40	02-22-24			10,000,000	103.82	10,382,500.00	105.46	10,546,269.50	8,500.00	10,554,769.50	BBB+	0.21
BANK OF AMERICA CORP.	4.00	04-01-24			10,000,000	107.96	10,796,177.78	108.13	10,812,549.20	166,666.67	10,979,215.87	A-	0.21
AMERICAN HONDA FINANCE	2.40	06-27-24			10,000,000	99.67	9,966,600.00	101.76	10,175,632.60	42,666.67	10,218,299.27	A	0.20
US BANCORP	2.40	07-30-24			10,000,000	99.92	9,992,433.33	101.89	10,189,384.70	20,000.00	10,209,384.70	A-	0.20
BB&T CORP.	2.50	08-01-24	07-01-24	100.00	15,000,000	99.91	14,986,000.00	101.60	15,239,608.35	31,250.00	15,270,858.35	A-	0.30
PACCAR FINANCIAL CORP.	2.15	08-15-24			8,000,000	100.16	8,012,471.11	100.48	8,038,402.56	7,644.44	8,046,047.00	A+	0.16
					758,185,000		760,024,637.43		765,863,068.91	3,799,924.05	769,662,992.96		15.01

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

PORTFOLIO APPRAISAL

SAN MATEO COUNTY TREASURER'S OFFICE

PORTFOLIO APPRAISAL

SAN MATEO COUNTY POOL

August 31, 2019

Security	Coupon	Mature Date	Call Date One	Call Price One	Quantity	Unit Cost	Total Cost	Market Price	Market Value	Accrued Interest	Market Value + Accrued Interest	S&P	Pct Assets
MONEY MARKET FUNDS													
DREYFUS	1.89	09-03-19			2,147,968	100.00	2,147,967.75	100.00	2,147,967.75	0.00	2,147,967.75	AAA	0.04
MUNICIPAL BONDS													
CALIFORNIA STATE TAXBL	3.40	08-01-23			10,000,000	104.35	10,434,900.00	106.09	10,608,600.00	28,333.33	10,636,933.33	AA-	0.21
TOTAL PORTFOLIO					**5,065,553,968**		**5,081,587,106.51**		**5,101,851,505.24**	**21,852,516.50**	**5,123,704,021.74**		**100.00**

GOLDMAN SACHS GROUP INC** - Moody's/Fitch Rating: A3/A
AMERICAN EXPRESS CO**- Moody's/Fitch Rating: A3/A

** TOTAL COST DOES NOT REFLECT AMORTIZATIONS OR ACCRETIONS BUT INCLUDES PURCHASED ACCRUED INTEREST. MARKET PRICES ARE DOWNLOADED THROUGH (IDC) INTERACTIVE DATA CORP.

DIVERSIFICATION BY ISSUER

	Cert. of Deposit	Comm. Papers	Corp. Floaters	Corp. Bonds	Municipalities	Total Par Value	Total %
3M Company				$10,000,000		$10,000,000	0.20%
Amazon				$10,000,000		$10,000,000	0.20%
American Express				$44,000,000		$44,000,000	0.87%
American Honda Finance		$20,000,000		$27,000,000		$47,000,000	0.93%
Apple Inc.			$12,500,000	$8,642,000		$21,142,000	0.42%
Bank of America			$18,000,000	$22,000,000		$40,000,000	0.79%
Bank of Montreal	$11,478,000	$25,000,000				$36,478,000	0.72%
Bank of New York			$5,000,000	$71,612,000		$76,612,000	1.51%
Bank of Nova Scotia	$60,000,000					$60,000,000	1.18%
BB&T Corporation				$15,000,000		$15,000,000	0.30%
Berkshire Hathaway			$10,000,000			$10,000,000	0.20%
Blackrock Inc.				$8,000,000		$8,000,000	0.16%
BNP Paribas		$25,000,000				$25,000,000	0.49%
CA Municipal Obligation					$10,000,000	$10,000,000	0.20%
Can. Imperial Holding	$45,000,000					$45,000,000	0.89%
Caterpillar				$9,715,000		$9,715,000	0.19%
Chevron				$26,812,000		$26,812,000	0.53%
Cisco Systems				$65,355,000		$65,355,000	1.29%
Citibank	$50,000,000					$50,000,000	0.99%
Cooperatieve Rabobank	$25,000,000	$75,000,000				$100,000,000	1.97%
Credit Agricole	$25,000,000	$25,000,000				$50,000,000	0.99%
Credit Suisse New York	$50,000,000					$50,000,000	0.99%
Exxon Mobil		$25,000,000		$19,325,000		$44,325,000	0.88%
Goldman Sachs				$10,000,000		$10,000,000	0.20%
HSBC Bank USA	$50,000,000			$11,310,000		$61,310,000	1.21%
IBM Corporation			$20,000,000			$20,000,000	0.39%
ING Funding LLC		$50,000,000				$50,000,000	0.99%
John Deere				$20,960,000		$20,960,000	0.41%
JP Morgan		$40,000,000		$29,000,000		$69,000,000	1.36%
Mastercard Inc.				$10,000,000		$10,000,000	0.20%
Microsoft				$19,000,000		$19,000,000	0.38%
Mizuho Bank	$25,000,000					$25,000,000	0.49%
MUFG Union Bank	$20,000,000	$50,000,000				$70,000,000	1.38%
National Australia Bank	$25,000,000					$25,000,000	0.49%
Natixis NY Branch		$60,000,000				$60,000,000	1.18%
Nordea Bank APB NY	$75,000,000					$75,000,000	1.48%
Norinchukin Bank	$15,000,000					$15,000,000	0.30%
Oracle				$45,909,000		$45,909,000	0.91%
Paccar Financial Group				$33,045,000		$33,045,000	0.65%
Pfizer Inc.				$10,000,000		$10,000,000	0.20%
Proctor & Gamble			$10,500,000	$30,000,000		$40,500,000	0.80%
Societe Generale	$60,500,000					$60,500,000	1.19%
State Street Bank				$15,000,000		$15,000,000	0.30%
Sumitomo Mitsui Bank Corp.	$25,000,000					$25,000,000	0.49%
Svenska Handelsbanken	$25,000,000					$25,000,000	0.49%
Swedbank	$20,000,000					$20,000,000	0.39%
Toronto Dominion Bank	$50,700,000					$50,700,000	1.00%
Toyota Motor Company		$25,000,000	$17,021,000	$31,500,000		$73,521,000	1.45%
United Parcel Service			$15,000,000	$20,000,000		$35,000,000	0.69%
US Bank	$20,000,000		$38,000,000	$50,000,000		$108,000,000	2.13%
Visa Inc.				$25,000,000		$25,000,000	0.49%
Wells Fargo			$64,765,000	$60,000,000		$124,765,000	2.46%
Westpac Bank Corp. NY	$25,000,000					$25,000,000	0.49%
Total	**$702,678,000**	**$420,000,000**	**$210,786,000**	**$758,185,000**	**$10,000,000**	**$2,101,649,000**	**41.49%**

Cash Flow Projection

	2019				2020								Grand Total
	Qtr1	Qtr2			Qtr3			Qtr4			Qtr1		
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	
Cash In	$ 218,187	$ 602,069	$ 728,222	$ 921,870	$ 236,098	$ 296,761	$ 470,783	$ 880,102	$ 194,413	$ 260,898	$ 184,720	$ 325,292	$ 5,319,413
Taxes	$ 16,631	$ 292,778	$ 533,173	$ 734,009	$ 78,806	$ 114,197	$ 270,915	$ 666,357	$ 21,781	$ 16,830	$ 13,395	$ 115,893	$ 2,874,766
Mixed	$ 16,327	$ 113,534	$ 311,451	$ 425,004	$ 41,326	$ 64,848	$ 158,839	$ 443,774	$ 16,371	$ 15,189	$ 9,159	$ 101,615	$ 1,717,436
Secured	$ 100	$ 177,940	$ 221,694	$ 308,623	$ 37,480	$ 47,246	$ 112,076	$ 222,583	$ 5,410	$ 1,441	$ 3,800	$ -	$ 1,138,392
Supplemental	$ -	$ 1,265	$ 28	$ 35	$ -	$ 954	$ -	$ -	$ -	$ 200	$ 122	$ 9,006	$ 11,610
Unsecured	$ 204	$ 39	$ -	$ 348	$ -	$ 1,149	$ -	$ -	$ -	$ -	$ 315	$ 5,273	$ 7,328
Treasurer's Collection	$ 127,287	$ 154,080	$ 170,308	$ 125,722	$ 119,366	$ 89,042	$ 105,701	$ 116,918	$ 96,082	$ 160,918	$ 98,697	$ 141,360	$ 1,505,481
Treasurer's Deposit	$ 93,349	$ 74,606	$ 144,774	$ 88,692	$ 62,726	$ 69,321	$ 80,427	$ 63,377	$ 79,806	$ 132,832	$ 64,518	$ 119,160	$ 1,073,589
Hospital	$ 17,397	$ 68,630	$ 10,470	$ 20,069	$ 35,910	$ 13,736	$ 16,255	$ 41,061	$ 9,953	$ 12,047	$ 14,868	$ 12,650	$ 273,044
Housing Authority	$ 2,315	$ 2,048	$ 3,402	$ 3,328	$ 4,927	$ 3,984	$ 3,294	$ 3,333	$ 3,549	$ 4,759	$ 8,107	$ 2,458	$ 45,504
Revenue Services	$ 220	$ 310	$ 217	$ 143	$ 237	$ 258	$ 173	$ 214	$ 174	$ 193	$ 857	$ 234	$ 3,231
County	$ 7,741	$ 5,747	$ 9,772	$ 9,866	$ 5,898	$ -	$ 3,650	$ 7,580	$ -	$ 102	$ 1,460	$ 500	$ 52,316
School	$ 6,265	$ 2,739	$ 1,673	$ 3,624	$ 9,669	$ 1,743	$ 1,902	$ 1,352	$ 2,599	$ 10,986	$ 8,886	$ 6,358	$ 57,797
State Apportionment	$ 71,833	$ 87,708	$ 21,555	$ 59,710	$ 34,141	$ 90,953	$ 91,342	$ 92,953	$ 72,878	$ 81,025	$ 62,843	$ 59,701	$ 826,643
Investment Income	$ 2,435	$ 1,503	$ 3,185	$ 2,429	$ 3,785	$ 2,568	$ 2,824	$ 3,874	$ 3,672	$ 2,125	$ 9,785	$ 8,338	$ 46,524
Bond Proceeds	$ -	$ 66,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 66,000
Cash Out	$ (441,068)	$ (392,946)	$ (321,409)	$ (616,921)	$ (484,498)	$ (380,960)	$ (479,797)	$ (504,915)	$ (327,996)	$ (577,155)	$ (548,417)	$ (419,973)	$ (5,496,054)
Wire Requests	$ (63,485)	$ (62,394)	$ (62,581)	$ (122,937)	$ (107,781)	$ (47,397)	$ (102,944)	$ (60,602)	$ (66,938)	$ (138,038)	$ (97,846)	$ (40,267)	$ (973,211)
Bond Payment	$ (97,714)	$ (5,383)	$ -	$ -	$ (14,599)	$ (22,034)	$ (25,754)	$ (2,436)	$ -	$ (32,871)	$ (47,316)	$ (81,424)	$ (329,531)
Department Exp.	$ (19,576)	$ (22,632)	$ (27,143)	$ (47,577)	$ (23,692)	$ (28,754)	$ (30,319)	$ (27,393)	$ (22,886)	$ (34,775)	$ (71,331)	$ (21,570)	$ (377,649)
Payroll	$ (151,622)	$ (159,148)	$ (106,242)	$ (175,792)	$ (129,959)	$ (136,366)	$ (167,063)	$ (135,320)	$ (105,673)	$ (201,722)	$ (138,176)	$ (134,808)	$ (1,741,891)
County	$ (56,085)	$ (55,620)	$ (49,706)	$ (49,237)	$ (49,242)	$ (40,965)	$ (55,544)	$ (31,592)	$ (48,875)	$ (65,587)	$ (72,663)	$ (49,244)	$ (624,360)
School	$ (65,677)	$ (72,015)	$ (31,814)	$ (87,683)	$ (56,665)	$ (72,316)	$ (80,107)	$ (72,508)	$ (32,488)	$ (101,899)	$ (37,444)	$ (53,800)	$ (764,416)
Retirement	$ (18,081)	$ (17,758)	$ (17,758)	$ (17,781)	$ (17,113)	$ (17,122)	$ (17,856)	$ (17,816)	$ (17,762)	$ (17,886)	$ (17,123)	$ (19,017)	$ (213,074)
SMCCCD	$ (11,779)	$ (13,754)	$ (6,964)	$ (21,091)	$ (6,940)	$ (5,963)	$ (13,554)	$ (13,404)	$ (6,548)	$ (16,349)	$ (10,946)	$ (12,747)	$ (140,041)
Controller's	$ (55,516)	$ (67,480)	$ (72,318)	$ (207,771)	$ (169,664)	$ (90,139)	$ (89,634)	$ (220,643)	$ (64,929)	$ (92,730)	$ (114,396)	$ (61,855)	$ (1,307,074)
School Vendors	$ (49,538)	$ (68,892)	$ (46,209)	$ (49,530)	$ (33,329)	$ (46,810)	$ (53,160)	$ (49,700)	$ (59,852)	$ (70,654)	$ (69,270)	$ (75,059)	$ (672,004)
SMCCCD	$ (3,618)	$ (7,017)	$ (6,916)	$ (13,313)	$ (5,474)	$ (9,460)	$ (10,923)	$ (8,820)	$ (7,718)	$ (6,364)	$ (10,082)	$ (4,990)	$ (94,695)
Bookstore	$ (467)	$ (411)	$ (87)	$ (376)	$ (452)	$ (713)	$ (960)	$ (164)	$ (301)	$ (425)	$ (2,798)	$ (323)	$ (7,478)
College District	$ (3,150)	$ (6,606)	$ (6,829)	$ (12,937)	$ (5,021)	$ (8,746)	$ (9,963)	$ (8,657)	$ (7,417)	$ (5,940)	$ (7,284)	$ (4,668)	$ (87,218)
Net Cash Flow	$ (222,881)	$ 209,123	$ 406,813	$ 304,949	$ (248,400)	$ (84,199)	$ (9,015)	$ 375,187	$ (133,583)	$ (316,258)	$ (363,697)	$ (94,681)	$ (176,641)
Maturity	$ 170,000	$ 62,000	$ 10,000	$ -	$ 15,000	$ 34,000	$ -	$ -	$ 10,000	$ 19,650	$ -	$ 45,000	$ 365,650
Callable	$ -	$ -	$ 30,000	$ -	$ 19,000	$ -	$ -	$ -	$ 20,000	$ 15,000	$ -	$ -	$ 84,000

Figures may not total to net figures due to rounding. Maturities exclude overnight vehicles and PFM held Securities. Please note: Securities held by PFM are readily available upon direction of the Treasurer.

APPENDIX F

BOOK-ENTRY SYSTEM

The information in this APPENDIX F has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this APPENDIX, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF FORWARD DELIVERY CONTRACT

Re: Menlo Park City School District 2020 General Obligation Refunding Bonds (Forward Delivery) (the "Bonds")

Ladies and Gentlemen:

The Purchaser designated below and executing this instrument (the "Purchaser") hereby agrees to purchase when, as, and if issued and delivered by the Menlo Park City School District ("District") to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") and the Underwriter agrees to sell to the undersigned,

Maturity Date	Par Amount	Coupon	CUSIP Number	Yield	Price

of the above-referenced Bonds (the "Purchased Bonds") offered by the Issuer's Preliminary Official Statement dated September 3, 2019 (the "Preliminary Official Statement"), receipt of copies of which is hereby acknowledged, the Official Statement dated September 10, 2019 (including any amendments or supplements, the "Official Statement") and the Updated Official Statement (and any amendments or supplements thereto) to be dated a date not more than 25 nor less than ten days prior to the Settlement Date (defined below) at a purchase price (plus accrued interest, if any, from the date of the initial delivery of the Purchased Bonds), at the interest rates, in the principal amounts and with maturity dates shown above, and on the further terms and conditions set forth in this Forward Delivery Contract.

The Purchaser hereby confirms that it has reviewed the Preliminary Official Statement (including without limitation the information under the heading "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds" therein), has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The Purchaser further acknowledges and agrees that the Purchased Bonds are being sold on a "forward" basis, and the Purchaser hereby purchases and agrees to accept delivery of such Purchased Bonds from the Underwriter on or about April 7, 2020 (the "Settlement Date") as they may be issued pursuant to the Forward Delivery Bond Purchase Agreement between the Issuer and the Underwriter (the "Bond Purchase Agreement"). A copy of the Bond Purchase Agreement is available from the Underwriter upon request. Under the Bond Purchase Agreement, the Issuer must delivery copies of the Official Statement within seven business days of the date of the Bond Purchase Agreement.

Payment for the Purchased Bonds that the Purchaser has agreed to purchase on the Settlement Date shall be made to the Underwriter by wire transfer to a bank account specified by the Underwriter, on the Settlement Date upon delivery to the Purchaser of the Purchased Bonds then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company.

Upon issuance by the Issuer of the Bonds and purchase thereof by the Underwriter, the obligation of the Purchaser to take delivery of the Purchased Bonds hereunder *shall be unconditional* unless:

- The Issuer fails to deliver the Bonds as set forth in the Bond Purchase Agreement or fails or is unable to comply with all of the conditions to settlement set forth in the Bond Purchase Agreement by 8:00 a.m. California time on the Settlement Date, or

- the Underwriter terminates its agreement to purchase the Bonds on the Settlement Date for re-sale to the Purchaser upon the occurrence of an event described in the Preliminary Official Statement under "INTRODUCTION – Certain Considerations Regarding Forward Delivery of the 2020 Bonds."

The Purchaser acknowledges that the market value of the Bonds as of the Settlement Date may be affected by a variety of factors between the date of this Forward Delivery Contract and the Settlement Date, including, without limitation, changes in general market conditions or the financial condition of the Issuer or modifications to laws that may diminish the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes, interest payable on "state or local bonds," that will not prevent the Issuer from satisfying all material conditions precedent for the delivery of the Purchased Bonds. The Purchaser acknowledges and agrees that it will not be able to withdraw its order as described and, except as described in the fourth paragraph of this Forward Delivery Contract, will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date. To effect a termination by the Purchaser, the Purchaser acknowledges and agrees that it must give written notice of termination of this Forward Delivery Contract to the Underwriter before Settlement (i.e., delivery of the Bonds to, and payment for the Bonds by, the Underwriter) on the Settlement Date. The Purchaser understands and agrees that no termination of the obligation of the Purchaser may occur after Settlement. The Purchaser also acknowledges and agrees that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the Purchaser decides to sell such Purchased Bonds following the date hereof.

The Purchaser represents and warrants that, as of the date of this Forward Delivery Contract, the Purchaser is not prohibited from purchasing the Purchased Bonds hereby agreed to be purchased by it under the laws of the jurisdiction to which the undersigned is subject.

This Forward Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party hereto without the prior written consent of the other.

This Forward Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument.

It is understood that the acceptance by the Underwriter of any Forward Delivery Contract (including this one) is in the Underwriter's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Forward Delivery Contract is acceptable to the Underwriter, it is requested that the Underwriter sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriter and the Purchaser when such counterpart is mailed or delivered to the Purchaser. This Forward Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

This Forward Delivery Contract shall be construed and administered under the laws of the State of New York.

[NAME OF INVESTOR]

By: ________________________________
Name: ______________________________
Title: _______________________________

Accepted: ____________________, 2019

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: ________________________________
Name: ______________________________
Title: _______________________________