

**SUPPLEMENT DATED OCTOBER 23, 2020  
TO OFFICIAL STATEMENT DATED OCTOBER 15, 2020**

**relating to**

**SAN JUAN UNIFIED SCHOOL DISTRICT  
(Sacramento County, California)**

**\$30,000,000  
General Obligation Bonds,  
Election of 2012, Series 2020**

**\$150,000,000  
General Obligation Bonds,  
Election of 2016, Series 2020**

**\$143,090,000  
2020 General Obligation Refunding  
Bonds (Federally Taxable)**

This Supplement, dated October 23, 2020 (the “Supplement”), to the Official Statement, dated October 15, 2020 (the “Official Statement”), relating to the \$30,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2020, \$150,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2020, and \$143,090,000 aggregate principal amount of San Juan Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (collectively, the “Bonds”), is intended to be read in conjunction with the Official Statement. This Supplement constitutes an integral part of the Official Statement and recipients are requested to attach this Supplement to the Official Statement.

The first paragraph under the heading “THE BONDS – Plan of Refunding” on page seven (7) of the Official Statement is replaced in its entirety with the following, in order to correct the Escrow Agent from U.S. Bank National Association to The Bank of New York Mellon Trust Company, N.A.:

**Plan of Refunding**

The Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all of the outstanding Prior Bonds on the respective redemption date listed below (the “Redemption Dates”), and (ii) pay costs of issuance of the Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into the Escrow Fund (the “Escrow Fund”) 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, 2020 (the “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 Refunded Bonds to the respective Redemption Dates at the respective redemption prices. See “ESCROW VERIFICATION.”

Capitalized terms used in this Supplement but not otherwise defined herein are defined in the Official Statement.

**SAN JUAN UNIFIED SCHOOL DISTRICT**

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Moody's rating on the Bonds: "Aa2"  
 Fitch rating on the Series 2020 Bonds: "AAA"  
 (See "MISCELLANEOUS – Ratings.")

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). 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 under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."*

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**

**\$30,000,000**  
**General Obligation Bonds,**  
**Election of 2012, Series 2020**

**\$150,000,000**  
**General Obligation Bonds,**  
**Election of 2016, Series 2020**

**\$143,090,000**  
**2020 General Obligation Refunding Bonds**  
**(Federally Taxable)**

**Dated: Date of Delivery**

**Due: As shown on the inside cover**

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

The San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2020 (the "**2012 Bonds**"), and the San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2020 (the "**2016 Bonds**" and, together with the 2012 Bonds, the "**Series 2020 Bonds**") are being issued by the San Juan Unified School District (the "**District**") located in the County of Sacramento (the "**County**"), pursuant to a resolution adopted by the Board of Education of the District on September 8, 2020 (the "**Series 2020 Resolution**"), for the purpose of providing funds to (i) finance specific construction, acquisition and modernization projects approved by the voters (as described herein), and (ii) pay the costs of issuance of the Series 2020 Bonds. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The San Juan Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the "**Refunding Bonds**") and, together with the Series 2020 Bonds, the "**Bonds**") are being issued by the District to (i) refund all of the callable maturities of the District's outstanding 2012 General Obligation Refunding Bonds, Series A (the "**2012A Refunding Bonds**"), 2012 General Obligation Refunding Bonds, Series B (the "**2012B Refunding Bonds**"), 2012 General Obligation Refunding Bonds, Series C (the "**2012C Refunding Bonds**"), General Obligation Bonds, Election of 2002, Series 2013 (the "**2013 Bonds**"), General Obligation Refunding Bonds, Election of 2002, Series 2014 (the "**2014 Refunding Bonds**"), General Obligation Bonds, Election of 2002, Series 2014 (the "**2014 Bonds**") and General Obligation Bonds, Election of 2012, Series B (the "**2012B Bonds**" and, together with the 2012A Refunding Bonds, the 2012B Refunding Bonds, the 2012C Refunding Bonds, the 2013 Bonds, the 2014 Refunding Bonds and the 2014 Bonds, the "**Prior Bonds**"); and (ii) pay costs of issuance of the Refunding Bonds. The Refunding Bonds are being issued by the District pursuant to a resolution adopted by the Board of Education of the District on September 8, 2020 (the "**Refunding Resolution**"). The outstanding Prior Bonds to be refunded and defeased are collectively referred to herein as the "**Refunded Bonds**." As used herein, the "**Tax-Exempt Bonds**" or the "**Tax-Exempt Series 2020 Bonds**" are those Series 2020 Bonds maturing on and after August 1, 2022, and the "**Taxable Bonds**" are the Refunding Bonds and those Series 2020 Bonds maturing on January 1, 2021 (the "**Taxable Series 2020 Bonds**").

The Bonds will be issued as current interest bonds. Interest on the Bonds is payable on January 1, 2021 with respect to the Taxable Series 2020 Bonds, and on February 1, 2021, and thereafter on each August 1 and February 1 with respect to the Tax-Exempt Series 2020 Bonds and the Refunding Bonds. Principal of the Bonds is payable on January 1, 2021 with respect to the Taxable Series 2020 Bonds, and on August 1 in each of the years and in the amounts set forth in the table on the inside cover page hereof with respect to the Tax-Exempt Series 2020 Bonds and Refunding Bonds. Payments of principal of and interest on the Bonds will be made by the County, as Paying Agent (the "**Paying Agent**") to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest" and APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

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

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

**MATURITY SCHEDULES**  
*See Inside Cover*

*The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriters by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about October 29, 2020.*



**RAYMOND JAMES**

## MATURITY SCHEDULES

**\$30,000,000**  
**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**General Obligation Bonds,**  
**Election of 2012, Series 2020**

Maturity	Principal Amount	Interest Rate	Yield*	CUSIP No. <sup>†</sup> (798306)
01/01/2021 <sup>‡</sup>	\$2,740,000	0.250%	0.250%	XH4
08/01/2022	2,855,000	3.000	0.200	WZ5
08/01/2023	2,225,000	3.000	0.210	XA9
08/01/2024	2,450,000	3.000	0.260	XB7
08/01/2025	2,690,000	3.000	0.370	XC5
08/01/2026	2,940,000	3.000	0.520	XD3
08/01/2027	3,450,000	3.000	0.670	XE1
08/01/2028	4,495,000	4.000	0.800	XF8
08/01/2029	6,155,000	4.000	1.000	XG6

**\$150,000,000**  
**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**General Obligation Bonds,**  
**Election of 2016, Series 2020**

Maturity	Principal Amount	Interest Rate	Yield*	CUSIP No. <sup>†</sup> (798306)
01/01/2021 <sup>§</sup>	\$ 5,440,000	0.250%	0.250%	YE0
08/01/2022	16,005,000	3.000	0.200	XJ0
08/01/2023	5,530,000	3.000	0.210	XK7
08/01/2024	7,520,000	3.000	0.260	XL5
08/01/2025	8,085,000	3.000	0.360	XM3
08/01/2026	9,495,000	3.000	0.520	XN1
08/01/2027	10,160,000	3.000	0.650	XP6
08/01/2028	5,745,000	4.000	0.760	XQ4
08/01/2029	6,230,000	4.000	0.910 <sup>C</sup>	XR2
08/01/2030	4,205,000	4.000	1.030 <sup>C</sup>	XS0
08/01/2031	4,565,000	4.000	1.160 <sup>C</sup>	XT8
08/01/2032	4,945,000	4.000	1.300 <sup>C</sup>	XU5
08/01/2033	5,350,000	4.000	1.450 <sup>C</sup>	XV3
08/01/2034	5,775,000	4.000	1.500 <sup>C</sup>	XW1
08/01/2035	6,220,000	3.000	1.820 <sup>C</sup>	XX9
08/01/2036	6,630,000	3.000	1.930 <sup>C</sup>	XY7
08/01/2037	7,060,000	2.000	2.240	XZ4
08/01/2038	7,440,000	2.125	2.330	YA8
08/01/2039	7,840,000	2.250	2.420	YB6
08/01/2040	8,270,000	2.375	2.490	YC4
08/01/2041	7,490,000	2.375	2.530	YD2

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

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<sup>‡</sup> Federally taxable. All other maturities are tax-exempt.

<sup>C</sup> Yield to the par call date of August 1, 2028.

**\$143,090,000**  
**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**(Sacramento County, California)**  
**2020 General Obligation Refunding Bonds**  
**(Federally Taxable)**

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP No. <sup>†</sup> (798306)
2021	\$ 3,945,000	0.265%	0.265%	WK8
2022	6,415,000	0.365	0.365	WL6
2023	10,675,000	0.499	0.499	WM4
2024	18,035,000	0.702	0.702	WN2
2025	18,180,000	0.852	0.852	WP7
2026	18,360,000	1.201	1.201	WQ5
2027	18,375,000	1.351	1.351	WR3
2028	10,765,000	1.666	1.666	WS1
2029	7,500,000	1.866	1.866	WT9
2030	11,230,000	1.966	1.966	WU6
2031	11,050,000	2.066	2.066	WV4
2032	4,375,000	2.216	2.216	WW2
2033	2,930,000	2.316	2.316	WX0
2034	1,255,000	2.416	2.416	WY8

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

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**SAN JUAN UNIFIED SCHOOL DISTRICT  
COUNTY OF SACRAMENTO, CALIFORNIA**

**BOARD OF EDUCATION**

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

**DISTRICT ADMINISTRATION**

Kent Kern, *Superintendent*  
Kent Stephens, *Deputy Superintendent*

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Orrick, Herrington & Sutcliffe LLP  
*San Francisco, California*

**Underwriters' Counsel**

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

**Municipal Advisor**

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

**Paying Agent**

County of Sacramento  
*Sacramento, California*

**Escrow Agent**

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

**Verification Agent**

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

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

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

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

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

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

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

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

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**SAN JUAN UNIFIED SCHOOL DISTRICT  
(Sacramento County, California)**

**\$30,000,000  
General Obligation Bonds,  
Election of 2012, Series 2020**

**\$150,000,000  
General Obligation Bonds,  
Election of 2016, Series 2020**

**\$143,090,000  
2020 General Obligation Refunding  
Bonds (Federally Taxable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, the inside cover and appendices hereto (the “**Official Statement**”), is provided to furnish information in connection with the San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2020 (the “**2012 Bonds**”), the San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2020 (the “**2016 Bonds**”) and, together with the 2012 Bonds, the “**Series 2020 Bonds**”) and the San Juan Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (the “**Refunding Bonds**”) and, together with the Series 2020 Bonds, the “**Bonds**”), as described more fully herein. As used herein, the “**Tax-Exempt Bonds**” or the “**Tax-Exempt Series 2020 Bonds**” are those Series 2020 Bonds maturing on and after August 1, 2022, and the “**Taxable Bonds**” are the Refunding Bonds and those Series 2020 Bonds maturing on January, 1, 2021 (the “**Taxable Series 2020 Bonds**”).

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

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

Quotations from and summaries and explanations of the Bonds, Paying Agent Agreements (defined herein), providing for the issuance of the Bonds, and the California Constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, California Constitutional provisions and statutes for the complete provisions thereof.

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

**The District**

The District, located in the northeast portion of Sacramento County, California (the “**County**”), was established in 1960. The District is approximately 75 square miles in area and serves portions of the city of Citrus Heights and the unincorporated areas of Carmichael, Fair Oaks and Orangevale. The District also includes very small portions of the cities of Sacramento, Folsom and Rancho Cordova. The District currently operates 64 schools, including 9 comprehensive high schools, 8 middle schools, 33 elementary schools, 8 K-8 schools, 3 alternative education programs, and 3 special education centers. Ten charter schools also operate within the boundaries of the District. The District provides kindergarten through 12<sup>th</sup> grade education to approximately 39,000 students.

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

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

## THE BONDS

### Authority for Issuance; Purpose

**Series 2020 Bonds.** The Series 2020 Bonds are issued pursuant to the Constitution and laws of the State of California (the “**State**”), including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the “**Government Code**”), and other applicable provisions of law, including applicable provisions of the Education Code of the State (the “**Education Code**”), a paying agent agreement, dated as of October 1, 2020 (the “**Series 2020 Paying Agent Agreement**”), between the District and the County, as paying agent (the “**Paying Agent**”) and a resolution adopted by the Board on September 8, 2020 relating to the Series 2020 Bonds (the “**Series 2020 Resolution**”).

The 2012 Bonds were authorized to be issued at an election held on November 6, 2012 (the “**Election of 2012**”), by more than 55% of the votes cast by eligible voters within the District for a bond measure known locally as “Measure N.” Measure N authorized the District to issue bonds in an aggregate principal amount not to exceed \$350,000,000 to improve the quality of education at every school, modernize aging classrooms, upgrade technology, provide 21<sup>st</sup> century learning opportunities, improve student safety and become eligible for millions in additional State dollars. The 2012 Bonds are the fifth series to be issued pursuant to the Measure N authorization. After the issuance of the 2012 Bonds, no remaining authorization will remain pursuant to the Measure N authorization.

The 2016 Bonds were authorized to be issued at an election held on November 8, 2016 (the “**Election of 2016**”), by more than 55% of the votes cast by eligible voters within the District for a bond measure known locally as “Measure P.” Measure P authorized the District to issue bonds in an aggregate principal amount not to exceed \$750,000,000 to repair/upgrade all schools by: repairing aging/deteriorating classrooms/bathrooms/leaky roofs/plumbing/drinking fountains/water pipes/electrical wiring; upgrading classroom technology, math/science/computer labs, vocational education classrooms, and outdated fire safety/security systems; removing asbestos/lead paint; and, repairing, constructing, and acquiring educational facilities/equipment. The 2016 Bonds are the third series to be issued pursuant to the Measure P authorization. After the issuance of the 2016 Bonds, \$480,080,000 will remain to be issued by the District pursuant to the Measure P authorization.

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

The Series 2020 Bonds are being issued to (i) finance specific construction, acquisition and modernization projects approved by the voters in the Election of 2012 and Election of 2016, respectively, and (ii) pay costs of issuance of the Series 2020 Bonds. See “– Application and Investment of Series 2020 Bond Proceeds.”

**Refunding Bonds.** The Refunding 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 Refunding Bonds are authorized by a resolution adopted by the Board of Education on September 8, 2020 (the “**Refunding Resolution**”) and, together with the Series 2020 Resolution, the “**Resolutions**”), and are being issued pursuant to a paying agent agreement, dated as of October 1, 2020 (the “**Refunding Paying Agent Agreement**”) and, together with the Series 2020 Paying Agent Agreement, the “**Paying Agent Agreements**”), by and between the District and the Paying Agent.

The Refunding Bonds are being issued to (i) to defease and refund all of the callable maturities of the District’s outstanding 2012 General Obligation Refunding Bonds, Series A (the “**2012A Refunding Bonds**”), 2012 General Obligation Refunding Bonds, Series B (the “**2012B Refunding Bonds**”), 2012 General Obligation Refunding Bonds, Series C (the “**2012C Refunding Bonds**”), General Obligation Bonds, Election of 2002, Series 2013 (the “**2013 Bonds**”), General Obligation Refunding Bonds, Election of 2002, Series 2014 (the “**2014 Refunding Bonds**”), General Obligation Bonds, Election of 2002, Series 2014 (the “**2014 Bonds**”), and General Obligation Bonds, Election of 2012, Series B (the “**2012B Bonds**”) and, together with the 2012A Refunding Bonds, the 2012B Refunding Bonds, the 2012C Refunding Bonds, the 2013 Bonds, the 2014 Refunding Bonds and the 2014 Bonds, the “**Prior Bonds**”);

and (ii) pay costs of issuance of the Refunding Bonds. The outstanding Prior Bonds to be refunded and defeased are collectively referred to herein as the “**Refunded Bonds**.” See “– Plan of Refunding.”

### **Form and Registration**

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

### **Payment of Principal and Interest**

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

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

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

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

## Redemption

***Optional Redemption.*** The 2012 Bonds are not subject to redemption prior to their respective stated maturity dates.

The 2016 Bonds maturing on or before August 1, 2028, are not subject to redemption prior to their respective stated maturity dates. The 2016 Bonds maturing on and after August 1, 2029, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 2028. The 2016 Bonds will be redeemed at a price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

The Refunding Bonds maturing on and after August 1, 2031, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 2030, at a price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

***Optional Redemption with Make-Whole Premium.*** Prior to August 1, 2030, the Refunding Bonds may be redeemed, in whole or in part, at the option of the District, at any time at a redemption price equal to the greater of (i) 100% of the principal amount of the Refunding Bonds of such maturity to be redeemed and (ii) the sum of the present values of the applicable remaining scheduled payments of principal and interest on the Refunding Bonds of such maturity to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Refunding Bonds are to be redeemed, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus in each case, accrued and unpaid interest on the Refunding Bonds being redeemed to the date fixed for redemption.

“Treasury Rate” means, with respect to any redemption date, with respect to the Refunding Bonds of a particular maturity, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second business day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

“Comparable Treasury Issue” means, with respect to the Refunding Bonds of a particular maturity, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Refunding Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Refunding Bonds of such maturity to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date, with respect to the Refunding Bonds of a particular maturity, (A) the average of the applicable Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Refunding Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means the Reference Treasury Dealer as designated by the District.

“Reference Treasury Dealer” means the firm, as designated by the District, and its successor; provided, however, that if it ceases to be a primary U.S. Government securities dealer in the City of New York (a “Primary Treasury Dealer”), the District will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Refunding Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the District, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the District by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Business Day” means any day, other than a Saturday or Sunday, and other than a day on which the Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

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

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

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

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

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

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

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

#### **Defeasance of Bonds**

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

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

#### **Unclaimed Moneys**

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

#### **Application and Investment of Series 2020 Bond Proceeds**

The proceeds of sale of the Series 2020 Bonds, exclusive of any premium and accrued interest received, will be deposited in the County Treasury to the credit of the Building Fund of the District. A portion of the proceeds of the Series 2020 Bonds will be deposited with The Bank of New York Mellon Trust Company, N.A., as costs of issuance custodian (the "Costs of Issuance Custodian") in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Series 2020 Bonds. Any proceeds of sale of the Series 2020 Bonds not needed to fund the Building Fund or to pay costs of issuance of the Series 2020 Bonds will be transferred to the Director of Finance 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 Series 2020 Bonds, will be invested at the sole discretion of the Director of Finance pursuant to law and the investment policy of the County. See APPENDIX F – "COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT."

All funds held by the Director of Finance with respect to the Series 2020 Bonds hereunder or under the law will be invested at the discretion of the Director of Finance pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund may also be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State.



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

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

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

Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Series 2020 Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District. For information on the County’s investment policy, see APPENDIX F – “COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT.”

### **Plan of Refunding**

The Refunding Bonds will be issued to (i) refund and defease, on an advance basis, all of the outstanding Prior Bonds on the respective redemption date listed below (the “Redemption Dates”), and (ii) pay costs of issuance of the Refunding Bonds. A portion of the proceeds from the Refunding Bonds will be deposited into the Escrow Fund (the “Escrow Fund”) to be established and maintained by U.S. Bank National Association, acting as escrow agent (the “Escrow Agent”) under that certain escrow agreement, dated as of October 1, 2020 (the “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 Refunded Bonds to the respective Redemption Dates at the respective redemption prices. See “ESCROW VERIFICATION.”

A portion of the proceeds of the Refunding Bonds will be deposited with the Costs of Issuance Custodian in a Costs of Issuance Fund and used to pay costs associated with the issuance of the Refunding Bonds and the refunding of the Refunded Bonds. Any proceeds of sale of the Refunding Bonds not needed to fund the Escrow Fund or to pay costs of issuance of the Refunding Bonds will be transferred to the Director of Finance 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 Refunding Bonds, will be invested at the sole discretion of the Director of Finance pursuant to law and the investment policy of the County. See APPENDIX F – “COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT.”

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 the Escrow Fund, will verify the mathematical accuracy of the computations relating to the sufficiency of the moneys proposed to be deposited and invested in the Escrow Fund, together with earnings thereon, for the payment of interest on the Refunding Bonds to the respective Redemption Date.

The District shall refund all of the following maturities of the Prior Bonds:

**San Juan Unified School District  
2012 General Obligation Refunding Bonds, Series A**

**Redemption Date: August 1, 2022**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP (798306)*	Redemption Price
2023	\$760,000	3.250%	PE0	100.000
2024	785,000	3.375	PF7	100.000
2025	815,000	3.500	PG5	100.000
2026	840,000	3.625	PH3	100.000
2027	870,000	3.750	PJ9	100.000
2028	905,000	3.750	PK6	100.000

**San Juan Unified School District  
2012 General Obligation Refunding Bonds, Series B**

**Redemption Date: August 1, 2022**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP (798306)*	Redemption Price
2023	\$1,755,000	5.000%	PX8	100.000
2024	1,920,000	5.000	PY6	100.000
2025	2,085,000	5.000	PZ3	100.000
2028 <sup>‡</sup>	7,395,000	5.000	QC3	100.000

<sup>‡</sup>Term Bond

**San Juan Unified School District  
2012 General Obligation Refunding Bonds, Series C**

**Redemption Date: August 1, 2021**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP (798306)*	Redemption Price
2022	\$2,905,000	4.000%	QP4	100.000
2023	3,020,000	4.000	QQ2	100.000
2024	3,140,000	4.000	QR0	100.000
2025	3,270,000	4.000	QS8	100.000
2026	3,400,000	3.000	QT6	100.000
2027	3,500,000	3.000	QU3	100.000

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\* CUSIP numbers are provided for convenience of reference only. None of the District, the Underwriters or their agents or counsel assumes responsibility for the accuracy of such numbers.

**San Juan Unified School District  
General Obligation Bonds, Election of 2002, Series 2013**

**Redemption Date: August 1, 2022**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP (798306)*	Redemption Price
2023	\$1,715,000	5.000%	RH1	100.000
2024	1,780,000	5.000	RJ7	100.000
2025	1,845,000	5.000	RK4	100.000
2026	1,915,000	4.000	RL2	100.000
2027	1,985,000	3.000	RM0	100.000
2028	2,060,000	3.000	RN8	100.000
2029	2,140,000	3.000	RP3	100.000
2030	2,220,000	3.000	RQ1	100.000
2031	2,300,000	3.000	RR9	100.000
2032	2,385,000	3.250	RS7	100.000
2033	2,475,000	3.250	RT5	100.000
2034	2,570,000	3.250	RU2	100.000
2035	2,665,000	3.375	RV0	100.000
2036	2,765,000	3.500	RW8	100.000
2037	2,870,000	3.500	RX6	100.000
2038	2,975,000	3.500	RY4	100.000

**San Juan Unified School District  
General Obligation Bonds, Election of 2002, Series 2014**

**Redemption Date: August 1, 2023**

Maturity Date (August 1)	Principal Amount	Interest Rate	CUSIP (798306)*	Redemption Price
2024	\$ 725,000	3.000%	TC0	100.000
2025	745,000	5.000	TD8	100.000
2026	785,000	5.000	TE6	100.000
2027	820,000	5.000	TF3	100.000
2028	860,000	5.000	TG1	100.000
2029	905,000	4.000	TH9	100.000
2030	940,000	5.000	TJ5	100.000
2031	8,000,000	5.000	TK2	100.000
2032	1,480,000	5.000	TL0	100.000

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**San Juan Unified School District  
General Obligation Refunding Bonds, Election of 2002, Series 2014**

**Redemption Date: August 1, 2023**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (798306)*</u>	<u>Redemption Price</u>
2024	\$2,750,000	5.000%	SK3	100.000
2025	2,855,000	5.000	SL1	100.000
2026	2,965,000	5.000	SM9	100.000
2027	3,085,000	5.000	SN7	100.000
2028	3,205,000	5.000	SP2	100.000
2029	3,330,000	5.000	SQ0	100.000
2030	7,075,000	5.000	SR8	100.000

**San Juan Unified School District  
General Obligation Bonds, Election of 2012, Series B**

**Redemption Date: August 1, 2023**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP (798306)*</u>	<u>Redemption Price</u>
2024	\$3,785,000	3.000%	TW6	100.000
2025	3,895,000	3.000	TX4	100.000
2026	4,015,000	3.000	TY2	100.000
2027	4,135,000	3.000	TZ9	100.000

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## ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	<u>2012 Bonds</u>	<u>2016 Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
Principal Amount of Bonds	\$30,000,000.00	\$150,000,000.00	\$143,090,000.00	\$323,090,000.00
Net Original Issue Premium	<u>4,460,931.65</u>	<u>13,695,114.05</u>	-	<u>18,156,045.70</u>
Total Sources:	\$34,460,931.65	\$163,695,114.05	\$143,090,000.00	\$341,246,045.70
 <b>Uses of Funds</b>				
Deposit to Building Fund	\$29,912,000.00	\$149,851,000.00	-	\$179,763,000.00
Deposit to Interest and Sinking Fund	4,358,931.65	13,185,114.05	-	17,544,045.70
Deposit to Escrow Fund	-	-	\$142,373,703.66	142,373,703.66
Underwriters' Discount	102,000.00	510,000.00	486,506.00	1,098,506.00
Costs of Issuance <sup>(1)</sup>	<u>88,000.00</u>	<u>149,000.00</u>	<u>229,790.34</u>	<u>466,790.34</u>
Total Uses:	\$34,460,931.65	\$163,695,114.05	\$143,090,000.00	\$341,246,045.70

<sup>(1)</sup> Includes fees of bond counsel, disclosure counsel, rating agencies, paying agent, escrow agent, verification agent, municipal advisor, costs of issuance custodian, printer, and other miscellaneous expenses, as well as additional proceeds for the Refunding Bonds.

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## SCHEDULED DEBT SERVICE

### Debt Service of the Bonds

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

Payment Date	2012 Bonds		2016 Bonds		Refunding Bonds		Total Semi-Annual Debt Service	Total Annual Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest		
January 1, 2021	\$2,740,000	\$ 1,179.72	\$ 5,440,000	\$ 2,342.22	-	-	\$8,183,521.94	-
February 1, 2021	-	236,210.00	-	1,127,498.33	-	\$460,226.35	1,823,934.68	-
August 1, 2021	-	462,150.00	-	2,205,975.00	\$3,945,000	900,442.85	7,513,567.85	\$17,521,024.47
February 1, 2022	-	462,150.00	-	2,205,975.00	-	895,215.74	3,563,340.74	-
August 1, 2022	2,855,000	462,150.00	16,005,000	2,205,975.00	6,415,000	895,215.74	28,838,340.74	32,401,681.48
February 1, 2023	-	419,325.00	-	1,965,900.00	-	883,508.36	3,268,733.36	-
August 1, 2023	2,225,000	419,325.00	5,530,000	1,965,900.00	10,675,000	883,508.36	21,698,733.36	24,967,466.72
February 1, 2024	-	385,950.00	-	1,882,950.00	-	856,874.23	3,125,774.23	-
August 1, 2024	2,450,000	385,950.00	7,520,000	1,882,950.00	18,035,000	856,874.23	31,130,774.23	34,256,548.46
February 1, 2025	-	349,200.00	-	1,770,150.00	-	793,571.38	2,912,921.38	-
August 1, 2025	2,690,000	349,200.00	8,085,000	1,770,150.00	18,180,000	793,571.38	31,867,921.38	34,780,842.76
February 1, 2026	-	308,850.00	-	1,648,875.00	-	716,124.58	2,673,849.58	-
August 1, 2026	2,940,000	308,850.00	9,495,000	1,648,875.00	18,360,000	716,124.58	33,468,849.58	36,142,699.16
February 1, 2027	-	264,750.00	-	1,506,450.00	-	605,872.78	2,377,072.78	-
August 1, 2027	3,450,000	264,750.00	10,160,000	1,506,450.00	18,375,000	605,872.78	34,362,072.78	36,739,145.56
February 1, 2028	-	213,000.00	-	1,354,050.00	-	481,749.65	2,048,799.65	-
August 1, 2028	4,495,000	213,000.00	5,745,000	1,354,050.00	10,765,000	481,749.65	23,053,799.65	25,102,599.30
February 1, 2029	-	123,100.00	-	1,239,150.00	-	392,077.20	1,754,327.20	-
August 1, 2029	6,155,000	123,100.00	6,230,000	1,239,150.00	7,500,000	392,077.20	21,639,327.20	23,393,654.40
February 1, 2030	-	-	-	1,114,550.00	-	322,102.20	1,436,652.20	-
August 1, 2030	-	-	4,205,000	1,114,550.00	11,230,000	322,102.20	16,871,652.20	18,308,304.40
February 1, 2031	-	-	-	1,030,450.00	-	211,711.30	1,242,161.30	-
August 1, 2031	-	-	4,565,000	1,030,450.00	11,050,000	211,711.30	16,857,161.30	18,099,322.60
February 1, 2032	-	-	-	939,150.00	-	97,564.80	1,036,714.80	-
August 1, 2032	-	-	4,945,000	939,150.00	4,375,000	97,564.80	10,356,714.80	11,393,429.60
February 1, 2033	-	-	-	840,250.00	-	49,089.80	889,339.80	-
August 1, 2033	-	-	5,350,000	840,250.00	2,930,000	49,089.80	9,169,339.80	10,058,679.60
February 1, 2034	-	-	-	733,250.00	-	15,160.40	748,410.40	-
August 1, 2034	-	-	5,775,000	733,250.00	1,255,000	15,160.40	7,778,410.40	8,526,820.80
February 1, 2035	-	-	-	617,750.00	-	-	617,750.00	-
August 1, 2035	-	-	6,220,000	617,750.00	-	-	6,837,750.00	7,455,500.00
February 1, 2036	-	-	-	524,450.00	-	-	524,450.00	-
August 1, 2036	-	-	6,630,000	524,450.00	-	-	7,154,450.00	7,678,900.00
February 1, 2037	-	-	-	425,000.00	-	-	425,000.00	-
August 1, 2037	-	-	7,060,000	425,000.00	-	-	7,485,000.00	7,910,000.00
February 1, 2038	-	-	-	354,400.00	-	-	354,400.00	-
August 1, 2038	-	-	7,440,000	354,400.00	-	-	7,794,400.00	8,148,800.00
February 1, 2039	-	-	-	275,350.00	-	-	275,350.00	-
August 1, 2039	-	-	7,840,000	275,350.00	-	-	8,115,350.00	8,390,700.00
February 1, 2040	-	-	-	187,150.00	-	-	187,150.00	-
August 1, 2040	-	-	8,270,000	187,150.00	-	-	8,457,150.00	8,644,300.00
February 1, 2041	-	-	-	88,943.75	-	-	88,943.75	-
August 1, 2041	-	-	7,490,000	88,943.75	-	-	7,578,943.75	7,667,887.50
Total	\$30,000,000	\$5,752,189.72	\$150,000,000	\$44,744,203.05	\$143,090,000	\$14,001,914.04	\$387,588,306.81	\$387,588,306.81

## Combined Debt Service

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

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

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

Year Ending August 1	Series 1999 Bonds	Series 2000 Bonds	Series 2001B Bonds	Series 2003 Bonds	Series A Refunding Bonds	Refunding Bonds <sup>†</sup>	Combined Debt Service
2021	\$1,820,000	\$1,535,000	\$ 8,555,000	\$ 1,935,000	\$1,049,550	\$174,590	\$15,069,140
2022	1,820,000	1,550,000	9,445,000	2,017,546	759,200	172,041	15,763,787
2023	1,820,000	1,565,000	10,030,000	2,102,348	-	936,603	16,453,951
2024	1,810,000	1,580,000	10,655,000	2,194,612	-	932,187	17,171,799
2025	-	1,595,000	10,895,000	4,500,640	-	935,974	17,926,614
2026	-	-	12,215,000	5,570,000	-	933,349	18,718,349
2027	-	-	-	18,605,000	-	932,540	19,537,540
2028	-	-	-	19,470,000	-	625,246	20,095,246
<b>TOTAL</b>	<b>\$7,270,000</b>	<b>\$7,825,000</b>	<b>\$61,795,000</b>	<b>\$56,395,146</b>	<b>\$1,808,750</b>	<b>\$5,642,531</b>	<b>\$140,736,427</b>

\* Totals may not add due to rounding.

<sup>†</sup> Reflects debt service on the portion of the Refunding Bonds allocable to the 1998 Authorization. The District has caused to be prepared debt service of the Refunding Bonds allocable to each election authorization for purposes of internal recordkeeping purposes only, on behalf of itself and on behalf of the County.



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

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

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

Year Ending August 1	Series 2004 Bonds	Series 2011 Bonds <sup>†</sup>	Series 2013 Bonds	Series 2014 Bonds	Series B Refunding Bonds	Series C Refunding Bonds	Series 2014 Refunding Bonds	Series 2017 Bonds	Series 2017 Refunding Bonds	Refunding Bonds <sup>‡</sup>	Combined Debt Service
2021	-	\$ 989,275	\$1,444,250	\$726,500	\$1,619,600	\$2,901,600	\$2,831,750	\$4,242,500	\$3,598,481	\$ 4,657,089	\$23,011,045
2022	-	989,275	1,443,750	726,550	1,684,800	-	2,804,250	2,791,300	5,518,781	7,558,582	23,517,288
2023	-	989,275	-	721,000	-	-	2,772,000	-	8,639,231	11,031,719	24,153,225
2024	-	989,275	-	-	-	-	-	-	9,067,031	14,559,389	24,615,695
2025	-	989,275	-	-	-	-	-	-	9,530,031	14,577,707	25,097,013
2026	-	1,002,729 <sup>§</sup>	-	-	-	-	-	-	3,687,400	14,600,499	19,290,628
2027	-	-	-	-	-	-	-	-	-	14,640,706	14,640,706
2028	\$3,970,000	-	-	-	-	-	-	-	-	11,103,253	15,073,253
2029	3,965,000	-	-	-	-	-	-	-	-	8,284,154	12,249,154
2030	-	-	-	-	-	-	-	-	-	11,874,204	11,874,204
2031	-	-	-	-	-	-	-	-	-	11,473,423	11,473,423
2032	-	-	-	-	-	-	-	-	-	4,570,130	4,570,130
2033	-	-	-	-	-	-	-	-	-	3,028,180	3,028,180
2034	-	-	-	-	-	-	-	-	-	1,285,321	1,285,321
<b>TOTAL</b>	<b>\$7,935,000</b>	<b>\$5,949,104</b>	<b>\$2,888,000</b>	<b>\$2,174,050</b>	<b>\$3,304,400</b>	<b>\$2,901,600</b>	<b>\$8,408,000</b>	<b>\$7,033,800</b>	<b>\$40,040,957</b>	<b>\$133,244,356</b>	<b>\$213,879,265</b>

\* Totals may not add due to rounding.

<sup>†</sup> Gross debt service.

<sup>‡</sup> Reflects debt service on the portion of the Refunding Bonds allocable to the 2002 Authorization. The District has caused to be prepared debt service of the Refunding Bonds allocable to each election authorization for purposes of internal recordkeeping purposes only, on behalf of itself and on behalf of the County.

<sup>§</sup> June 1 maturity.

The District received authorization at the November 6, 2012, bond election to issue general obligation bonds in a principal amount of \$350,000,000 (the “**2012 Authorization**”) pursuant to the approval of 55% or more of the votes cast on the measure. Pursuant to the 2012 Authorization, the District issued its first series of bonds in the principal amount of \$20,000,000 on February 21, 2013 (the “**Series A Bonds**”); its second series of bonds in the principal amount of \$80,000,000 on July 1, 2014 (the “**Series B Bonds**”); its third series of bonds in the principal amount of \$70,000,000 on March 14, 2017 (the “**Election of 2012, Series 2017 Bonds**”); and its fourth series of bonds in the principal amount of \$150,000,000 on January 22, 2019 (the “**Election of 2012, Series 2019 Bonds**”). Following the issuance of the 2012 Bonds, there is no 2012 Authorization remaining.

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

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

Year Ending August 1	Series B Bonds	Election of 2012, Series 2017 Bonds	Election of 2012, Series 2019 Bonds	Election of 2012, Series 2020 Bonds	Refunding Bonds*	Combined Debt Service
2021	\$3,786,150	\$5,366,350	\$16,224,000	\$3,439,540	\$ 473,990	\$29,290,030
2022	3,782,200	5,366,700	10,916,600	3,779,300	474,808	24,319,608
2023	3,785,250	5,368,300	11,409,200	3,063,650	473,695	24,100,095
2024	-	5,366,000	11,977,600	3,221,900	4,257,173	24,822,673
2025	-	5,369,800	12,552,600	3,388,400	4,253,461	25,564,261
2026	-	5,369,400	13,147,600	3,557,700	4,258,401	26,333,101
2027	-	5,364,800	13,765,400	3,979,500	4,013,500	27,123,200
2028	-	5,366,400	17,643,600	4,921,000	-	27,931,000
2029	-	-	22,370,200	6,401,200	-	28,771,400
2030	-	-	23,024,400	-	-	23,024,400
2031	-	-	23,715,600	-	-	23,715,600
<b>TOTAL</b>	<b>\$11,353,600</b>	<b>\$42,937,750</b>	<b>\$176,746,800</b>	<b>\$35,752,190</b>	<b>\$18,205,027</b>	<b>\$284,995,368</b>

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\* Reflects debt service on the portion of the Refunding Bonds allocable to the 2012 Authorization. The District has caused to be prepared debt service of the Refunding Bonds allocable to each election authorization for purposes of internal recordkeeping purposes only, on behalf of itself and on behalf of the County.

The District received authorization at the November 8, 2016, bond election to issue general obligation bonds in a principal amount of \$750,000,000 (the “**2016 Authorization**”) pursuant to the approval of 55% or more of the votes cast on the measure. Pursuant to the 2016 Authorization, the District issued its first series of bonds in the principal amount of \$39,920,000 on March 14, 2017 (the “**Election of 2016, Series 2017 Bonds**”), and its second series of bonds in the principal amount of \$80,000,000 on January 22, 2019 (the “**Election of 2016, Series 2019 Bonds**”). Following the issuance of the 2016 Bonds, there is \$480,080,000 of 2016 Authorization remaining.

The following schedule shows the debt service for the general obligation bonds issued by the District pursuant to the 2016 Authorization following the issuance of the 2016 Bonds, assuming no optional redemption.

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

Year Ending August 1	Election of 2016, Series 2019 Bonds	Election of 2016, Series 2020 Bonds	Combined Debt Service
2021	\$23,840,000	\$ 8,775,816	\$32,615,816
2022	7,589,200	20,416,950	28,006,150
2023	7,814,000	9,461,800	17,275,800
2024	5,365,000	11,285,900	16,650,900
2025	5,528,400	11,625,300	17,153,700
2026	4,268,200	12,792,750	17,060,950
2027	4,395,800	13,172,900	17,568,700
2028	3,622,400	8,453,100	12,075,500
2029	3,733,600	8,708,300	12,441,900
2030	-	6,434,100	6,434,100
2031	-	6,625,900	6,625,900
2032	-	6,823,300	6,823,300
2033	-	7,030,500	7,030,500
2034	-	7,241,500	7,241,500
2035	-	7,455,500	7,455,500
2036	-	7,678,900	7,678,900
2037	-	7,910,000	7,910,000
2038	-	8,148,800	8,148,800
2039	-	8,390,700	8,390,700
2040	-	8,644,300	8,644,300
2041	-	7,667,888	7,667,888
<b>TOTAL</b>	<b>\$66,156,600</b>	<b>\$194,744,203</b>	<b>\$260,900,803</b>

See APPENDIX A – “INFORMATION RELATING TO THE DISTRICT’S OPERATIONS AND BUDGET – THE DISTRICT – District Debt Structure.”

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## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### General

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

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

### Pledge of Tax Revenues

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

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

### Statutory Lien - SB 222

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

### Property Taxation System

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

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

Finance of the County performs the duties imposed on the treasurer-tax collector and auditor-controller. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

### **Assessed Valuation of Property Within the District**

Taxable property located in the District has a 2020-21 assessed value of approximately \$39.9 billion. All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, 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.

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Summary of Assessed Valuation**  
**Fiscal Year 2011-12 through Fiscal Year 2020-21**

	Local Secured	Utility	Unsecured	Total
2011-12	\$26,949,114,183	\$1,716,240	\$668,090,973	\$27,618,921,396
2012-13	26,470,840,466	1,716,240	657,573,616	27,130,130,322
2013-14	27,607,470,387	1,716,240	627,411,386	28,236,598,013
2014-15	29,069,299,790	1,716,240	616,131,633	29,687,147,663
2015-16	30,384,495,444	1,930,986	603,173,194	30,989,599,624
2016-17	31,786,003,764	1,940,243	577,316,326	32,365,260,333
2017-18	33,625,144,904	1,940,243	589,502,228	34,216,587,375
2018-19	35,496,600,206	1,940,243	669,197,307	36,167,737,756
2019-20	37,324,195,574	1,979,819	671,075,497	37,997,250,890
2020-21	39,183,986,248	1,979,819	687,207,200	39,873,173,267

Source: California Municipal Statistics, Inc.

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

***Appeals of Assessed Valuation; Blanket Reductions of Assessed Values.*** There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction 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 XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2%

increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This 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.*** 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 the surrounding area, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a decrease in the assessed value of property in the District.

***Bonding Capacity.*** As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2020-21 assessment roll, the District’s gross bonding capacity is approximately \$996.8 million, and its net bonding capacity is \$514.5 million (taking into account current outstanding debt before 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.

**SAN JUAN UNIFIED SCHOOL DISTRICT  
2020-21 Assessed Valuation by Jurisdiction**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Citrus Heights	\$ 7,707,893,523	19.33%	\$7,736,264,003	99.63%
City of Folsom	272,631,904	0.68	15,607,678,901	1.75
City of Rancho Cordova	23,916,110	0.06	9,830,093,802	0.24
City of Sacramento	1,169,908,654	2.93	58,814,794,231	1.99
Unincorporated Sacramento County	<u>30,698,823,076</u>	<u>76.99</u>	64,817,705,808	47.36
Total District	\$39,873,173,267	100.00%		
Sacramento County	\$39,873,173,267	100.00%	\$181,845,828,757	21.93%

Source: California Municipal Statistics, Inc.



**Assessed Valuation by Land Use.** The following table provides a distribution of taxable property located in the District by principal purpose for which the land is used, showing the assessed valuation and number of parcels for each use. Single family residential properties comprise 70.5% of the assessed value of property located in the District.

**SAN JUAN UNIFIED SCHOOL DISTRICT  
2020-21 Taxable Assessed Valuation and Parcels by Land Use**

	2020-21 <u>Assessed Valuation<sup>(1)</sup></u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<b><u>Non-Residential:</u></b>				
Commercial	\$3,383,435,475	8.63%	1,794	1.65%
Office	1,589,977,918	4.06	1,259	1.16
Vacant Commercial	94,076,763	0.24	254	0.23
Industrial	413,536,607	1.06	335	0.31
Vacant Industrial	6,775,629	0.02	48	0.04
Recreational	134,059,865	0.34	71	0.07
Institutional/ Government/Social	240,014,368	0.61	1,654	1.52
Miscellaneous	<u>9,832,919</u>	<u>0.03</u>	<u>905</u>	<u>0.83</u>
Subtotal Non-Residential	\$5,871,709,544	14.98%	6,320	5.82%
<b><u>Residential:</u></b>				
Single Family Residence	\$27,631,408,073	70.52%	87,907	80.91%
Condominium/Townhouse	672,691,129	1.72	4,775	4.39
Hotel/Motel	70,520,616	0.18	16	0.01
Mobile Home	59,624,665	0.15	1,721	1.58
Mobile Home Park	149,372,776	0.38	40	0.04
2-4 Residential Units	1,383,717,323	3.53	4,214	3.88
5+ Residential Units/Apartments	3,147,556,933	8.03	922	0.85
Vacant Residential	<u>197,385,189</u>	<u>0.50</u>	<u>2,734</u>	<u>2.52</u>
Subtotal Residential	\$33,312,276,704	85.02%	102,329	94.18%
<b>Total</b>	<b>\$39,183,986,248</b>	<b>100.00%</b>	<b>108,649</b>	<b>100.00%</b>

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

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**Assessed Valuation of Single Family Homes.** The following table provides a distribution of the per-parcel secured assessed value of single family homes. For fiscal year 2020-21, the average assessed valuation of single family homes is \$314,325 and the median assessed value of single family homes is \$275,548.

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Per Parcel 2020-21 Assessed Valuation of Single Family Homes**

Single Family Residential	No. of <u>Parcels</u>	2020-21 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
	87,907	\$27,631,408,073	\$314,325	\$275,548

2020-21 <u>Assessed Valuation</u>	No. of <u>Parcels<sup>(1)</sup></u>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$24,999	115	0.131%	0.131%	\$ 1,442,849	0.005%	0.005%
\$25,000 - \$49,999	792	0.901	1.032	34,800,046	0.126	0.131
\$50,000 - \$74,999	3,409	3.878	4.910	214,248,823	0.775	0.907
\$75,000 - \$99,999	3,675	4.181	9.090	320,912,725	1.161	2.068
\$100,000 - \$124,999	3,966	4.512	13.602	447,774,730	1.621	3.688
\$125,000 - \$149,999	4,575	5.204	18.806	629,819,974	2.279	5.968
\$150,000 - \$174,999	5,143	5.851	24.657	836,429,098	3.027	8.995
\$175,000 - \$199,999	5,567	6.333	30.990	1,043,856,660	3.778	12.773
\$200,000 - \$224,999	5,543	6.306	37.295	1,177,620,893	4.262	17.035
\$225,000 - \$249,999	5,452	6.202	43.497	1,296,155,940	4.691	21.726
\$250,000 - \$274,999	5,600	6.370	49.867	1,468,785,006	5.316	27.041
\$275,000 - \$299,999	5,240	5.961	55.828	1,504,846,294	5.446	32.487
\$300,000 - \$324,999	5,168	5.879	61.707	1,615,281,626	5.846	38.333
\$325,000 - \$349,999	4,788	5.447	67.154	1,615,097,422	5.845	44.178
\$350,000 - \$374,999	4,613	5.248	72.402	1,670,336,679	6.045	50.223
\$375,000 - \$399,999	3,721	4.233	76.634	1,440,444,549	5.213	55.436
\$400,000 - \$424,999	3,142	3.574	80.209	1,293,920,769	4.683	60.119
\$425,000 - \$449,999	2,534	2.883	83.091	1,107,154,198	4.007	64.126
\$450,000 - \$474,999	2,069	2.354	85.445	955,641,744	3.459	67.585
\$475,000 - \$499,999	1,771	2.015	87.459	863,209,595	3.124	70.709
\$500,000 and greater	<u>11,024</u>	<u>12.541</u>	100.000	<u>8,093,628,453</u>	<u>29.291</u>	100.000
Total	87,907	100.000%		\$27,631,408,073	100.000%	

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

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## Largest Taxpayers

The 20 largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2020-21.

### SAN JUAN UNIFIED SCHOOL DISTRICT Largest Local Secured Taxpayers 2020-21

	<u>Property Owner</u>	<u>2020-21 Primary Land Use</u>	<u>% of Assessed Valuation</u>	<u>Total<sup>(1)</sup></u>
1.	Ethan Conrad	Commercial	\$107,740,689	0.27%
2.	Montage Apts Prop Owner LLC	Apartments	80,099,978	0.20
3.	Wal Mart Real Estate Business Trust	Commercial	75,158,548	0.19
4.	OP Eleven Hundred Owner LLC	Apartments	73,223,352	0.19
5.	Birdcage GRF2 LLC	Commercial	72,486,465	0.18
6.	MP Core Selby Ranch LLC	Apartments	68,654,858	0.18
7.	Mitchell/Sippola LP	Commercial	51,730,775	0.13
8.	Pearl Investment Company LLC	Apartments	51,198,901	0.13
9.	SY Howe Arden LLC	Commercial	49,924,862	0.13
10.	Lakeview Gold 101305 LP	Mobile Home Park	48,788,781	0.12
11.	Au Zone Madison LLC / NMC Madison Marketplace	Commercial	48,441,022	0.12
12.	MG Atwood Apartments Ria LLC	Apartments	47,940,000	0.12
13.	Demmon the Falls LLC	Apartments	47,858,400	0.12
14.	Oakmont Props Tributary Point LLC	Apartments	45,570,392	0.12
15.	DS Town/Country LLC	Commercial	45,263,274	0.12
16.	Country Club Centre Group LLC	Commercial	43,518,329	0.11
17.	SY Arden Way LLC	Commercial	43,326,693	0.11
18.	Dignity Health	Office Building	38,812,005	0.10
19.	Fresno Canyon Springs LP	Apartments	37,995,000	0.10
20.	CR Luxe Communities LLC/Luxe VCA LLC	Apartments	<u>36,975,000</u>	<u>0.09</u>
			\$1,114,707,324	2.84%

<sup>(1)</sup> 2020-21 local secured assessed valuation: \$39,183,986,248.

Source: California Municipal Statistics, Inc.

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

## Tax Rates

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

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

enrollment, and have a material adverse effect on the District's finances and operations. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

**Typical Tax Rate Area.** The following table shows *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 6-008).

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Typical Tax Rate per \$100 Assessed Valuation (TRA 6-008<sup>(1)</sup>)**  
**Fiscal Year 2016-17 through Fiscal Year 2020-21**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General Tax Rate	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Los Rios Community College District	0.0141	0.013	0.0131	0.0232	0.0223
San Juan Unified School District	<u>0.1522</u>	<u>0.2115</u>	<u>0.1993</u>	<u>0.1793</u>	<u>0.1809</u>
Total All Property Tax Rate	\$1.1663	\$1.2245	\$1.2124	\$1.2025	\$1.2032

<sup>(1)</sup> The 2020-21 assessed valuation of TRA 6-008 is \$2,524,216,802 which is 6.3% of the total assessed valuation of the District.  
Source: California Municipal Statistics, Inc.

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

### **Tax Charges and Delinquencies**

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

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

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

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

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the COVID-19 or other pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression, stemming from the effects of COVID-19 or otherwise, could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see "MISCELLANEOUS – Risks Related to COVID-19." If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The District cannot predict the extent of delinquencies and delayed tax collections, or the resulting impact on the District's financial condition or operations. The County has adopted the Teeter Plan (defined herein), according to which the County distributes to the District the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. See "– Teeter Plan" below. There can be no assurances that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. However, State law requires the County to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

The following table shows a recent history of secured property tax collections and delinquencies in the District for its general obligation bond debt service levy. The County uses the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest, and the County does not provide a breakdown of the delinquencies with respect to property located in the District. See "– Teeter Plan" below.

### **Teeter Plan**

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

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

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

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

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

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

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

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

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

**SAN JUAN UNIFIED SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies  
Fiscal Year 2010-11 through Fiscal Year 2019-20**

	Secured Tax Charge <sup>(1)</sup>	Amount Delinquent June 30	% Delinquent June 30
2010-11	\$21,984,357	\$444,097	2.02%
2011-12	24,977,032	414,725	1.66
2012-13	25,938,312	341,917	1.32
2013-14	44,248,271	444,308	1.00
2014-15	43,242,940	430,721	1.00
2015-16	46,258,681	409,432	0.89
2016-17	47,662,841	418,837	0.88
2017-18	70,210,300	613,392	0.87
2018-19	69,959,841	664,098	0.95
2019-20	65,096,517	647,330	0.99

<sup>(1)</sup> The District's general obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

## **Direct and Overlapping Debt**

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of October 1, 2020, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

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

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Direct and Overlapping Bonded Debt**

2020-21 Assessed Valuation: \$39,873,173,267

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/20</u>
Los Rios Community College District	18.160%	\$ 75,359,689
<b>San Juan Unified School District</b>	<b>100.000</b>	<b>482,280,642<sup>(1)</sup></b>
Fair Oaks Recreation and Park District	100.000	17,610,000
Sacramento County Community Facilities District No. 2004-1 (McClellan Park)	3.403	950,968
Sacramento Area Flood Control Agency Consolidated Capital Assessment District	5.746	18,302,447
California Statewide Community Development Authority Assessment Districts	100.000	6,855,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$601,358,746</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Sacramento County General Fund Obligations	21.927%	\$ 33,780,181
Sacramento County Pension Obligation Bonds	21.927	156,292,378
Sacramento County Board of Education Certificates of Participation	21.927	777,312
City of Citrus Heights General Fund Obligations	99.633	3,507,083
City of Folsom General Fund Obligations	1.747	23,071
City of Rancho Cordova Certificates of Participation	0.243	34,798
City of Sacramento General Fund Obligations	1.989	12,282,075
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	51.923	27,692,600
Recreation and Park Districts Certificates of Participation	Various	6,206,173
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$240,595,671</b>
Less: Sacramento County supported obligations		3,514,343
City of Sacramento supported obligations		8,718,072
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$228,363,256</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
Sacramento County Mather/McClellan Merged Redevelopment Project Area	11.630%	\$7,675,313
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$7,675,313</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$849,629,730<sup>(2)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$837,397,315</b>

Ratios to 2020-21 Assessed Valuation:

<b>Direct Debt (\$482,280,642) .....</b>	<b>1.21%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	1.51%
Gross Combined Total Debt .....	2.13%
Net Combined Total Debt .....	2.10%

Ratios to Redevelopment Incremental Valuation (\$180,354,723):

Total Overlapping Tax Increment Debt .....	4.26%
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<sup>(1)</sup> Excludes Bonds to be sold but includes Refunded Bonds to be refunded.

<sup>(2)</sup> 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, 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 (the “**Code**”), and is exempt from State personal income taxes. Bond Counsel is of the further opinion that 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 is set forth in APPENDIX D 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 personal income taxes. 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 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 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 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 Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends 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 their 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 is contained in APPENDIX D 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**

### **Legal Opinion**

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

### **Possible Limitations on Remedies; Bankruptcy**

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

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

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

of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

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

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

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

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

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

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

### **Legality for Investment in California**

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

### **Continuing Disclosure**

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2019-20 fiscal year (which is due no later than April 1, 2021) and to provide notice of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

The District is not aware of any failures to comply with its continuing disclosure undertakings during the five-year period preceding the date of this Official Statement. The District has put procedures in place to prevent future noncompliance, including having Capitol Public Finance Group, LLC, the District's current dissemination agent ("**Dissemination Agent**"), assist the District with compliance with its continuing disclosure obligations. The Dissemination Agent continues to work with the District in establishing and maintaining the necessary safeguards to assist in the timely filing of required information.

### **No Litigation**

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

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

### **ESCROW VERIFICATION**

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriters relating to the computation of the projected payments of principal and interest on the 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 Underwriters. 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

### Risks Related to COVID-19

The recent outbreak of the novel strain of coronavirus called COVID-19, which has been designated a global pandemic by the World Health Organization, is impacting local and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock market in the United States and globally, have seen significant recent volatility and decline that have been attributed to coronavirus concerns. The United States Centers for Disease Control and Prevention and the California Department of Public Health have been providing regular updates and guidelines to the public and to State and local governments. On March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of emergency. On March 13, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State have temporarily closed some or all school campuses in response to local and state directives or guidance. On March 16, 2020, the Governor remarked that residents of the State should prepare for most schools to be closed for the remainder of the 2019-20 school year.

On March 27, 2020, the U.S. House of Representatives approved and President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "**CARES Act**"). The CARES Act appropriates \$30 billion to education, of which \$3 billion is allocated to state governors to be used at their discretion to address the emergency, \$13.5 billion is allocated for K-12 education, and \$14.25 billion is allocated for postsecondary institutions. The District is authorized to receive \$37.4 million in funds under the CARES Act, which funds are expected to be received presently. Of this amount, the District was allocated \$10.7 million of ESSER (Elementary and Secondary School Emergency Relief) funds and \$26.7 million of other COVID-19 relief funds.

On August 28, 2020, the Governor released a new system, Blueprint for a Safer California, which places the State's 58 counties into four color-coded tiers – purple, red, orange and yellow, in descending order of severity – based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must spend at least three weeks in each tier before advancing to the next one. Schools can reopen for limited in-person instruction with local health official approval in counties that have been in the red tier (a daily new case of 4 to 7 per 100,000 people and 5-8% of positive tests) or a lower tier for two weeks. Counties in the purple tier can reopen schools if the local health department provides a waiver. As of October 1, 2020, the County was assigned to the purple tier. The District will operate the beginning of the 2020-21 school year through distance learning.

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

The District is currently receiving guidance on the coronavirus from County health officials and the County Superintendent of Schools, which is monitoring the coronavirus situation in accordance with coronavirus guidelines for schools published by the Centers for Disease Control and Prevention.

### Ratings

The Bonds have received the rating of "Aa2" by Moody's Investors Service ("**Moody's**"), and the Series 2020 Bonds have received the rating of "AAA" by Fitch Ratings Inc. ("**Fitch**"). A rating agency generally bases its rating on its own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). Such rating reflects only the views of the rating agency, and any explanation of the significance of such rating may be obtained from the



rating agency furnishing such rating, from Moody's at [www.moody's.com](http://www.moody's.com) and from Fitch at [www.fitchratings.com](http://www.fitchratings.com). The information set forth on such website is not incorporated herein by reference. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the respective rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

### **Professionals Involved in the Offering**

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

### **Underwriting**

**Series 2020 Bonds.** The 2012 Bonds are to be purchased by KeyBanc Capital Markets Inc., as representative (the "**Representative**") of itself and Raymond James & Associates, Inc. (together, the "**Underwriters**"). The Underwriters have agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated October 15, 2020 (the "**2012 Purchase Contract**") by and between the Representative and the District, to purchase the 2012 Bonds at a purchase price of \$34,270,931.65 (which represents the aggregate initial principal amount of the 2012 Bonds, plus original issue premium of \$4,460,931.65, less \$102,000.00 of Underwriters' discount and less \$88,000.00 of costs of issuance). The Underwriters will purchase all the 2012 Bonds if any are purchased. The 2012 Bonds may be offered and sold to certain dealers (including dealers depositing said 2012 Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

The 2016 Bonds are to be purchased by the Representative, on behalf of the Underwriters. The Underwriters have agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated October 15, 2020 (the "**2016 Purchase Contract**") by and between the Representative and the District, to purchase the 2016 Bonds at a purchase price of \$163,036,114.05 (which represents the aggregate initial principal amount of the 2016 Bonds, plus net original issue premium of \$13,695,114.05, less \$510,000.00 of Underwriters' discount and less \$149,000.00 of costs of issuance). The Underwriters will purchase all the 2016 Bonds if any are purchased. The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing said 2016 Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

**Refunding Bonds.** The Refunding Bonds are to be purchased by the Representative on behalf of the Underwriters. The Underwriters have agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated October 15, 2020 (the "**Refunding Purchase Contract**") by and between the Representative and the District, to purchase the Refunding Bonds at a purchase price of \$142,603,494.00 (which represents the aggregate initial principal amount of the Bonds, less \$486,506.00 of Underwriters' discount). The Underwriters will purchase all the Refunding Bonds if any are purchased. The Refunding Bonds may be offered and sold to certain dealers (including dealers depositing said Refunding Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

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

**Additional Information**

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

\*       \*       \*

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

**SAN JUAN UNIFIED SCHOOL DISTRICT**

By:                     /s/ Kent Stephens                      
Deputy Superintendent

## APPENDIX A

### INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

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

### THE DISTRICT

#### Introduction

The San Juan Unified School District (the "**District**"), located in Sacramento County, California (the "**County**"), is the 12th largest school district in the State of California (the "**State**") as measured by student enrollment. The District provides educational services to the residents in the city of Citrus Heights and the unincorporated areas of Carmichael, Fair Oaks and Orangevale, and very small portions in the cities of Sacramento, Folsom and Rancho Cordova. The District operates under the jurisdiction of the Superintendent of Schools of Sacramento County. See "THE BONDS – Authority for Issuance; Purpose." The District's estimated funded average daily attendance for fiscal year 2020-21 is 37,342 and the District's fiscal year 2020-21 general fund expenditures are projected at approximately \$473.0 million.

The District operates 64 schools, including 9 comprehensive high schools, 8 middle schools, 33 elementary schools, 8 K-8 schools, 3 alternative education programs, and 3 special education centers. The District's estimated enrollment for fiscal year 2020-21, including nine charter schools sponsored by the District, is approximately 50,820 students. For fiscal year 2020-21, the District, including one dependent charter school, projects to employ approximately 4,509 FTE employees, which includes 2,542 certificated (including credentialed teaching) employees and 1,967 FTE classified employees.

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

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

Deputy Superintendent Kent Stephens has worked as a business official for 28 years in K-12 and community college systems. He has been with the District since 2011. Mr. Stephens holds a Bachelor of Science degree in Finance as well as a Master of Business Administration degree, both from Brigham Young University.

### DISTRICT FINANCIAL AND OPERATING INFORMATION

#### State Funding of Education; State Budget Process

**General.** As is true for all school districts in California, the District's operating income consists primarily of two components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (see "– Allocation of State Funding to School Districts; Local Control Funding Formula" below) and a local portion derived from the District's share of the 1% local *ad valorem* tax authorized by the State Constitution (see "– Local Sources of Education Funding" below). In addition, school districts may be eligible for other special categorical

funding from State and federal government programs. The District has budgeted to receive approximately 63.0% 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 \$326.9 million in fiscal year 2020-21. Such amount includes both the State funding provided under the LCFF (defined herein) as well as other State revenues (see “– Allocation of State Funding to School Districts; Local Control Funding Formula” and “– Other District Revenues – *Other State Revenues*” below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may affect the District's revenues and operations, though generally to a lesser extent than these may affect most school districts.

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

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

**State Budget Process.** According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature “as related to the budget in the budget bill.” The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2020-21 State budget on June 29, 2020.

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](http://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](http://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](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

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

**AB 1469.** As part of the 2014-15 State Budget, the Governor signed Assembly Bill ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the

employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See “– Retirement Benefits – CalSTRS” below for more information about CalSTRS and AB 1469.

**2020-21 State Budget.** The Governor signed the fiscal year 2020-21 State budget (the “2020-21 State Budget”) on June 29, 2020. According to the State, the economic impact of COVID-19 pandemic has resulted in a \$54.3 billion budget deficit, which the State is addressing through the following measures:

- **Reserves.** The 2020-21 State Budget draws down \$8.8 billion in reserves, including \$7.8 billion from the Rainy Day Fund, \$450 million from the Safety Net Reserve, and all of the funds in the Public School System Stabilization Account.
- **Triggers.** The 2020-21 State Budget includes \$11.1 billion in reductions and deferrals that will be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives a lesser amount between \$2 billion and \$14 billion, the reductions and deferrals will be partially restored. The trigger includes \$6.6 billion in deferred spending on schools, approximately \$970 million in funding for the University of California and the California State University, \$2.8 billion for state employee compensation, \$150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing. The trigger would also fund an additional \$250 million for county programs to backfill revenue losses.
- **Federal Funds.** The 2020-21 State Budget relies on \$10.1 billion in federal funds that provide general fund relief, including \$8.1 billion already received. This includes the enhanced Federal Medical Assistance Percentage (FMAP), a portion of the State’s Coronavirus Relief Fund allocation and funds provided for childcare programs.
- **Revenues.** The 2020-21 State Budget temporarily suspends the use of net operating losses for medium and large businesses and temporarily limits to \$5 million the amount of business incentive credits a taxpayer can use in any given tax year. These short-term limitations will generate \$4.4 billion in new revenues in fiscal year 2020-21.
- **Borrowing/Transfers/Deferrals.** The 2020-21 State Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 school districts. (Approximately \$900 million in additional special fund borrowing is associated with the reductions to employee compensation and is contained in the trigger.)
- **Cancelled Expansions, Updated Assumptions and Other Solutions.** The 2020-21 State Budget includes \$10.6 billion of other solutions for addressing the budget deficit, such as cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues, and lower health and human services caseload costs that previously estimated.

Because of such measures described above, the 2020-21 State Budget is a balanced budget for fiscal year 2020-21 that projects approximately \$137.7 billion in revenues, and \$88.8 billion in non-Proposition 98 expenditures and \$45.1 billion in Proposition 98 expenditures. The 2020-21 State Budget sets aside \$2.6 billion in the Special Fund for Economic Uncertainties, and it includes total funding of \$98.8 billion (\$48.1 billion general fund and \$50.7 billion other funds) for all K-12 education programs. The 2020-21 State Budget estimates Proposition 98 funding levels of \$78.5 billion in fiscal year 2018-19, \$77.7 billion in fiscal year 2019-20, and \$70.9 billion in fiscal year 2020-21. The reduction in Proposition 98 funding will result in per pupil spending of \$10,654 in fiscal year 2020-21, a \$1,339 reduction from fiscal year 2019-20.

The 2020-21 State Budget offsets such reduction in Proposition 98 funding in several ways, including the following:

- **Local Control Funding Formula Deferrals.** As a result of the COVID-19 pandemic, \$1.9 billion in LCFF apportionments in fiscal year 2019-20 were deferred until fiscal year 2020-21, and the 2020-21 State Budget provides that apportionment deferrals in fiscal year 2020-21 will grow to \$11 billion. Such deferrals allow LCFF funding levels to remain constant between fiscal year 2019-20 and 2020-21. The 2020-21 State Budget

suspends the statutory LCFF cost-of-living adjustment in fiscal year 2020-21. The 2020-21 State Budget provides that \$5.8 billion of deferrals will be triggered off in fiscal year 2020-21 if sufficient federal funding is provided that can be used for such purpose.

- Learning Loss Mitigation. Additionally, the 2020-21 State Budget includes a one-time investment of \$5.3 billion (comprised of \$4.4 billion from the federal Coronavirus Relief Fund, \$589.9 million in Proposition 98 general fund resources, and \$355.2 from the federal Governor’s Emergency Education Relief Fund) to local education agencies to address learning loss resulting from school closures. To ensure that those local educational agencies serving students most affected by the COVID-19 pandemic receive additional funding, the 2020-21 State Budget will allocate \$2.9 billion of such funds based on the LCFF supplemental and concentration grant allocation, \$1.5 billion of such funds based on the number of students with exceptional needs, and \$979.8 million of such funds based on the total LCFF allocation.
- Supplemental Appropriations. In fiscal years 2019-20 and 2020-21, the Proposition 98 funding level drops below the target funding level, by a total of approximately \$12.4 billion. To accelerate the recovery from such funding reduction, the 2020-21 State Budget provides supplemental appropriations above the required Proposition 98 funding level, beginning in fiscal year 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5% of general fund revenues, up to a total of \$12.4 billion.
- Revised CalPERS and CalSTRS Contributions. To provide immediate and long-term relief to school districts facing rising pension costs, the 2020-21 State Budget redirects \$2.3 billion appropriated in the 2019-20 State budget to California State Teachers’ Retirement System (“CalSTRS”) and the California Public Employees’ Retirement System (“CalPERS”) for long-term unfunded liabilities to instead reduce employer contribution rates in fiscal years 2020-21 and 2021-22. Such reallocation will reduce the CalSTRS employer contribution rate from 18.41% to approximately 16.15% in fiscal year 2020-21 and from 17.9% to 16.02% in fiscal year 2021-22. The CalPERS Schools Pool employer contribution rate will be reduced from 22.67% to 20.7% in fiscal year 2020-21 and from 24.6% to 22.84% in fiscal year 2021-22.
- Federal Funds. In addition to the Coronavirus Relief Fund and Governor’s Emergency Education Relief Fund allocations described above, the 2020-21 State Budget includes \$1.6 billion in federal Secondary School Emergency Relief funds. Of this amount, \$1.5 billion will be allocated to local educational agencies in proportion to the amount of Title I-A funding they receive, and may be used for costs relating to the COVID-19 pandemic. Of the remaining \$164.7 million, \$112.2 million will be used to provide up to \$0.75 per meal for local educational agencies participating in certain school meal programs and serving meals between March 2020 and August 2020 due to school closures, \$45 million will be used for grants to local educational agencies to increase access to health, mental health, and social service supports for high-need students, \$6 million will be used to provide educator professional development for providing high quality distance learning, and \$1.5 million will be used for State Department of Education costs associated with the COVID-19 pandemic.
- Temporary Revenue Increases. The 2020-21 State Budget includes a temporary three-year suspension of net operating losses, and a limitation on business incentive tax credits to offset no more than \$5 million of tax liability per year. These temporary changes, along with other tax changes, will generate \$4.3 billion in general fund revenues and approximately \$1.6 billion in benefit to the Proposition 98 guarantee.
- Special Education. The 2020-21 State Budget provides for increased special education base rates of \$625 per pupil pursuant to a new funding formula. The 2020-21 State Budget also includes \$100 million to increase funding for students with low-incidence disabilities, \$15 million in federal Individuals with Disabilities Education Act (“IDEA”) funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline, \$8.6 million in IDEA funds to assist local educational agencies to develop regional alternative dispute resolution services and statewide mediation services, and \$1.1 million in IDEA funds to study the current special education governance and accountability structure.

- Average Daily Attendance and Distance Learning. The 2020-21 State Budget assumes that local educational agencies will provide in-classroom instruction during the 2020-21 school year, but recognizes that public health officials may require school closures. To ensure funding stability regardless of instructional model, the 2020-21 State Budget includes a hold-harmless for the purpose of calculating apportionments in fiscal year 2020-21, and it provides that average daily attendance will be based on the 2019-20 school year. The 2020-21 State Budget also includes requirements for distance learning services in the event of school closures, and provides \$750,000 one-time Proposition 98 general fund resources for the Sacramento County Office of Education to develop distance learning curriculum and instructional guidance for adoption by the State Board of Education by May 31, 2021.
- Employee Protections. The 2020-21 State Budget suspends layoffs of non-management certificated staff during fiscal year 2020-21 and classified staff who hold positions in nutrition, transportation, or custodial services during fiscal year 2020-21. The 2020-21 State Budget includes \$60 million Proposition 98 general fund resources to provide a match of State funds for participating classified employees to be paid during the summer recess period. The 2020-21 State Budget also state that it is the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in fiscal year 2020-21.

Other significant features of the 2020-21 State Budget affecting K-12 school districts include the following:

- Child Care. Of the \$350.3 million received by California through the CARES Act for COVID-19 related child care activities, the 2020-21 State Budget applies \$144.3 million for State costs associated with SB 89 expenditures, family fee waivers, and provider payment protection; \$125 million for voucher provider hold harmless and stipends; and \$73 million to continue care for at-risk children and essential workers.
- Learning Continuity and Attendance Plan. The annual LCAP requirement is replaced with a Learning Continuity and Attendance Plan, with public stakeholder engagement, to outline local education agencies compliance with applicable provisions, including student participation and attendance reporting, device accessibility and instruction. The 2020-21 State Budget requires the State Superintendent to develop a template of this plan for use by LEAs which will include a description of how such agencies will provide continuity of learning during the COVID-19 pandemic, expenditures related to addressing the impacts of the pandemic, and how such agencies are increasing or improving services in proportion to concentration funding that is received under the LCFF.

The complete 2020-21 State Budget is available from the California Department of Finance website at [www.dof.ca.gov](http://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 the current fiscal year 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 its final payment in 2017-18. The District does not anticipate the dissolution of redevelopment agencies to have any significant effect on its total general revenues.

It is possible that there will be additional legislation proposed and/or enacted to “clean up” various inconsistencies contained in 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 State Education Code Section 42238 *et seq.*, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance (“A.D.A.”). The base revenue limit was calculated from a district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district, referred to as State “equalization aid,” was the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State’s contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such

districts were known as “basic aid districts,” which are now referred to as “community funded districts.” School districts that received some equalization aid were commonly referred to as “revenue limit districts,” which are now referred to as “LCFF districts.” The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the existing revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant (“**Base Grant**”) per unit of A.D.A. with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF 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 education agency, per unit of A.D.A. and adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows for fiscal year 2020-21: \$8,503 for grades K-3, \$7,818 for grades 4-6, \$8,050 for grades 7-8 and \$9,572 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 50% of a local education agency’s Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local education agency that comprise more than 55% of enrollment.
- An Economic Recovery Target (the “**ERT**”) that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

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

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

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

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent of Public Instruction performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the “**Collaborative**”), a newly established body of educational specialists, was created to advise and assist local education agencies in achieving the goals identified in their LCAPs.

For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent of Public Instruction would have authority to make changes to a local education agency's LCAP.

Pursuant to the 2020-21 State Budget, the annual LCAP requirement has been replaced with a Learning Continuity and Attendance Plan for fiscal year 2020-21. See “– State Funding of Education; State Budget Process – 2020-21 State Budget.”

**Attendance.** The following table sets forth the District's actual A.D.A., and enrollment for fiscal years 2011-12 through 2020-21 for grades K-12. The A.D.A. and enrollment numbers reflected in the following table include special education.

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Average Daily Attendance and Student Enrollment**  
**Fiscal 2011-12 through 2020-21**

Year	Average Daily Attendance <sup>(1)</sup>	Enrollment <sup>(2)</sup>
2011-12	38,640	40,535
2012-13	38,154	40,272
2013-14	38,287	40,263
2014-15	38,089	40,082
2015-16	37,860	39,985
2016-17	37,695	39,726
2017-18	37,696	39,805
2018-19	37,725	39,779
2019-20	37,509	39,445
2020-21	37,509	39,445

<sup>(1)</sup> Average daily attendance for the second period of attendance, typically in late March of each school year.

<sup>(2)</sup> Enrollment figures exclude all charter schools.

<sup>(3)</sup> For fiscal year 2020-21, the average daily attendance is the projected funded P-2, and the projected enrollment.

*Source:* The District and the California Department of Education.

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**Attendance and LCFF.** The following table sets forth the District’s estimated and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, “**EL/LI Students**”)), and targeted Base Grant per unit of A.D.A. for fiscal years 2015-16 through 2020-21, respectively. The A.D.A. and enrollment numbers reflected in the following table exclude special education, community day school, compulsory continuation education and charter school attendance.

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Average Daily Attendance, Enrollment and Targeted Base Grant**  
**Fiscal Years 2015-16 through 2020-21**

Fiscal Year		A.D.A./Base Grant					Enrollment	
		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment <sup>(10)</sup>	Unduplicated Percentage of EL/LI Students
2015-16	A.D.A. <sup>(2)</sup>	11,281.39	8,853.69	5,930.39	11,794.51	37,859.98	39,985	51.79%
	Targeted Base Grant <sup>(3)(4)</sup>	\$7,820	\$7,189	\$7,403	\$8,801	-	-	-
2016-17	A.D.A.	11,285.51	8,813.47	5,802.02	11,793.52	37,694.52	39,726	51.86%
	Targeted Base Grant <sup>(3)(5)</sup>	\$7,820	\$7,189	\$7,403	\$8,801	-	-	-
2017-18	A.D.A.	11,271.32	8,885.26	5,802.35	11,737.29	37,696.22	39,805	53.13%
	Targeted Base Grant <sup>(3)(6)</sup>	\$7,941	\$7,301	\$7,518	\$8,939	-	-	-
2018-19	A.D.A.	11,369.44	8,551.10	5,951.94	11,852.27	37,724.75	39,779	54.05%
	Targeted Base Grant <sup>(3)(7)</sup>	\$8,235	\$7,751	\$7,796	\$9,269	-	-	-
2019-20	A.D.A.	11,324.20	8,420.57	5,897.73	11,866.82	37,509.32	39,445	55.33%
	Targeted Base Grant <sup>(3)(8)</sup>	\$8,503	\$7,818	\$8,050	\$9,572	-	-	-
2020-21 <sup>(1)</sup>	A.D.A.	11,324.20	8,420.57	5,897.73	11,866.82	37,509.32	39,445	55.41%
	Targeted Base Grant <sup>(3)(9)</sup>	\$8,503	\$7,818	\$8,050	\$9,572	-	-	-

<sup>(1)</sup> Figures are projections.

<sup>(2)</sup> A.D.A. for the second period of attendance, typically in mid-April of each school year.

<sup>(3)</sup> Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded in fiscal years 2013-14 through 2017-18.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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.

<sup>(7)</sup> 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.

<sup>(8)</sup> Targeted fiscal year 2019-20 Base Grant amount reflects a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.

<sup>(9)</sup> Targeted fiscal year 2020-21 Base Grant amount reflects a 0.0% cost-of-living adjustment from targeted fiscal year 2019-20 Base Grant amounts.

<sup>(10)</sup> Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating Supplemental and Concentration Grants, a school district’s fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, the percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district’s EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

Source: The District.

The District received approximately \$368.8 million in aggregate revenues allocated under the LCFF in fiscal year 2019-20, and projects to receive approximately \$368.9 million in aggregate revenues under the LCFF in fiscal year 2020-21 (or approximately 71.1% of its general fund revenues). Such amount includes an estimated \$36.5 million in supplemental and concentration grants in fiscal year 2019-20.

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

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

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

### **Local Sources of Education Funding**

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

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

Local property tax revenues account for approximately 31.2% of the District's aggregate LCFF income, and are projected to be approximately \$115.1 million, or approximately 22.2% of total general fund revenue in fiscal year 2020-21. The County is a "Teeter Plan" county, which means that the District is made whole for any delinquencies in payment of property taxes by local property owners. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS – Teeter Plan." For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

### **Other District Revenues**

**Federal Revenues.** The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 13.7% (or approximately \$71.1 million) of the District's general fund projected revenues for fiscal year 2020-21.

**Other State Revenues.** In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 14.1% (or approximately \$73.0 million) of the District's general fund projected revenues for fiscal year 2020-21. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, a portion of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The

District's State lottery revenue is projected at \$6.9 million in fiscal year 2020-21, representing about 1.3% of general fund revenues.

**Other Local Revenues.** In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 1.1% (or approximately \$5.7 million) of the District's general fund projected revenues for fiscal year 2020-21.

### **Significant Accounting Policies and Audited Financial Reports**

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2019, which are included as APPENDIX C.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Crowe LLP, Sacramento, California, served as independent auditor to the District for fiscal year ended June 30, 2019. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has neither audited nor reviewed this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2015-16 through 2019-20.

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**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**General Fund**  
**Revenues, Expenditures and Fund Balances**  
**Fiscal Year 2015-16 through 2019-20<sup>(1)</sup>**

	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
<b>REVENUES</b>					
LCFF Sources					
State Apportionment					
	\$220,886,379	\$227,897,544	\$228,852,323	\$247,425,658	\$253,644,085
Local Sources/Property Taxes	88,362,083	96,290,602	103,252,933	108,804,337	115,188,419
Total LCFF Sources	\$309,248,462	\$324,188,146	\$332,105,256	\$356,229,995	\$368,832,504
Federal Revenue	\$27,308,988	\$27,028,747	\$28,009,907	\$28,436,692	\$29,540,268
Other State Revenue	80,378,024	62,917,376	64,249,768	97,424,889	75,707,595
Other Local Revenue	9,758,190	10,026,651	11,679,338	11,961,118	7,577,685
<b>Total Revenues</b>	<b>\$426,693,664</b>	<b>\$424,160,920</b>	<b>\$436,044,269</b>	<b>\$494,052,694</b>	<b>\$481,658,052</b>
<b>EXPENDITURES</b>					
Certificated Salaries	\$179,576,933	\$189,219,104	\$198,779,680	\$206,915,587	\$207,899,457
Classified Salaries	64,106,462	66,102,779	69,446,355	71,234,253	69,669,804
Employee Benefits	104,435,419	117,521,078	124,925,019	159,516,537	150,068,242
Books and Supplies	17,645,814	21,165,424	20,294,482	17,614,255	18,698,978
Services, Other Operating Expenditures	25,026,929	26,933,842	26,024,062	29,893,949	25,787,690
Capital Outlay	530,700	3,010,919	135,019	1,900,720	593,360
Other (Outgo) <sup>(2)</sup>	77,967	318,305	388,564	489,146	830,479
Debt Service/Transfer of Indirect Costs	500,213	367,654	367,645	305,620	300,063
<b>Total Expenditures</b>	<b>\$391,900,437</b>	<b>\$424,639,105</b>	<b>\$440,360,826</b>	<b>\$487,870,067</b>	<b>\$473,848,072</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$34,793,227</b>	<b>\$(478,185)</b>	<b>\$(4,316,557)</b>	<b>\$6,182,627</b>	<b>\$7,809,980</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	\$ 2,270,224	\$3,143,203	\$1,500,026	\$1,471,842	\$ 1,170,509
Transfers Out	(10,107,160)	(3,077,938)	(2,224,570)	(2,333,791)	(13,503,135)
Proceeds from Obligations/Liabilities	-	-	-	-	-
<b>Net Financing Sources (Uses)</b>	<b>\$(7,836,936)</b>	<b>\$65,265</b>	<b>\$(724,544)</b>	<b>\$(861,949)</b>	<b>\$(12,332,626)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$26,956,291</b>	<b>\$(412,920)</b>	<b>\$(5,041,101)</b>	<b>\$5,320,678</b>	<b>\$(4,522,646)</b>
<b>Fund Balance – Beginning</b>	<b>\$56,026,131</b>	<b>\$82,982,422</b>	<b>\$82,569,502</b>	<b>\$77,528,401</b>	<b>\$82,849,079</b>
<b>Fund Balance – Ending</b>	<b>\$82,982,422</b>	<b>\$82,569,502</b>	<b>\$77,528,401</b>	<b>\$82,849,079</b>	<b>\$78,326,433</b>
Reserve for Economic Uncertainties	\$8,375,000	\$9,000,000	\$9,000,000	\$9,400,000	\$9,725,000

<sup>(1)</sup> Columns may not sum to totals due to rounding.

<sup>(2)</sup> Excludes transfers of indirect costs.

Source: Audited Financial Reports for fiscal years 2015-16 through 2018-19; Unaudited Actual Report for fiscal year 2019-20.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain unrestricted general fund reserves in the amount of 2% of its total general fund expenditures. For fiscal year 2020-21, the District has a projected unrestricted general fund reserve of 11.7%, or approximately \$60.0 million, compared to the fiscal year 2019-20 unrestricted general fund reserve of \$52.1 million. Substantially all funds of the District are required by law to be deposited with and invested by the Treasurer-Tax Collector on behalf of the District, pursuant to law and the investment policy of the County. See APPENDIX F – “COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT.”



The District adopted its budget for fiscal year 2020-21 on June 9, 2020 based on revenue assumptions included in the Governor's 2020-21 May Revision to the State Budget (the "**2020-21 May Revision**"). Subsequent to this, the 2020-21 State Budget was adopted with modified revenues for California school districts. As a result, the District updated its fiscal year 2020-21 budget accordingly which the Board approved on September 8, 2020. Consequently, the fiscal year 2020-21 ending fund balance has been revised from \$34.4 million to \$82.8 million. The revised ending balance is now projected at \$54 million in fiscal year 2021-22 and \$40 million in fiscal year 2022-23. The District is in the process of identifying budget solutions, and currently anticipates that future fiscal year operating deficits can be avoided through budgetary reductions.

The 2020-21 May Revision had proposed elimination of the statutory cost of living adjustment ("**COLA**") of 2.31% plus an additional reduction of 7.92% to the LCFF funding rates. The State Legislature's Budget Deal proposed allocating the full statutory COLA to LCFF. The 2020-21 State Budget reflects the COLA elimination but rejected the additional 7.92% LCFF funding rate cut. Pursuant to the 2020-21 State Budget, school districts will be "held harmless" for student attendance funding in fiscal year 2020-21 given the uncertainty of enrollment, attendance, and instructional program delivery formats. Schools will be funded on the basis of their fiscal year 2019-20 actual funding, which is known. The 2020-21 State Budget also includes a fairly substantial amount of one-time federal and State funds for California school districts generally identified as Learning Loss Mitigation funds to offset costs associated with the COVID-19 pandemic effects on the student educational programs. The District received a total allocation of approximately \$37.5 million in federal stimulus funds. Finally, the 2020-21 State Budget does include significant cash deferrals in the second half of fiscal year 2020-21. The District does not project cash flow challenges during the current fiscal year.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal year 2020-21. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Budgeted General Fund Summary for Fiscal Year 2020-21<sup>(1)</sup>**

	2020-21 Budgeted
<b>REVENUES</b>	
LCFF Sources	\$368,953,698
Federal Revenue	71,172,665
Other State Revenue	73,085,641
Other Local Revenue	5,699,351
<b>TOTAL</b>	<b>\$518,911,355</b>
<b>EXPENDITURES</b>	
Certificated Salaries	\$207,735,787
Classified Salaries	70,835,745
Employee Benefits	147,492,722
Books and Supplies	53,255,770
Services/Other Operating Expenditures	31,493,885
Other Outgo - Transfers of Indirect Costs	(1,358,629)
Other Outgo (excluding Transfers of Indirect Costs)	613,172
Capital Outlay	146,000
<b>TOTAL</b>	<b>\$510,214,452</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>	
<b>EXPENDITURES</b>	<b>\$8,696,903</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	-
Transfers Out	\$(4,231,720)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$(4,231,720)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$4,465,183</b>
<b>Fund Balance – Beginning</b>	<b>\$78,326,433</b>
<b>Fund Balance – Ending</b>	<b>\$82,791,616</b>

<sup>(1)</sup> District Unaudited Actuals, approved as of September 8, 2020.  
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 Sacramento 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 State Superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

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

If, after taking various remedial actions, 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 State Superintendent 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 State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board 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 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 State 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. The District received a positive certification on its first and second interim reports for fiscal year 2019-20.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county

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

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

### District Debt Structure

**General Obligation Bonds.** On November 3, 1998, the voters of the District approved a bond proposition authorizing the issuance of \$157,000,000 of bonds of the District. The District issued all of the authorized bonds in six series. The District has also issued three series of refunding bonds to refund prior bonds issued under the 1998 Authorization. As of September 1, 2020, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 1999	1999	\$27,500,197.30	\$ 1,947,184.80
Series 2000	2000	41,997,786.20	2,047,786.20
Series 2001B	2001	30,877,897.05	17,512,395.70
Series 2003B	2003	26,504,104.55	14,928,344.00
Series A Refunding Bonds*	2012	12,435,000.00	6,690,000.00
TOTAL		\$139,314,985.10	\$43,125,710.70

\* Expected to be refunded in part with proceeds of the Refunding Bonds.

On November 5, 2002, the District's voters approved a second bond measure in the amount of \$350,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued such bonds in eight series in addition to four series of refunding bonds to refund prior bonds issued under the 2002 Authorization. As of September 1, 2020, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 2004A	2004	\$68,999,931.40	\$ 1,794,931.40
Series 2011 QSCB	2011	10,600,000.00	7,805,000.00
Series B Refunding Bonds*	2012	23,910,000.00	16,270,000.00
Series C Refunding Bonds*	2012	36,480,000.00	22,025,000.00
Series 2013*	2013	50,000,000.00	39,350,000.00
Series 2014*	2014	25,925,000.00	17,310,000.00
Series 2014 Refunding Bonds*	2014	44,265,000.00	32,900,000.00
Series 2017	2017	23,475,000.00	6,750,000.00
Series 2017 Refunding Bonds	2017	37,890,000.00	35,810,000.00
TOTAL		\$321,544,931.40	\$180,014,931.40

\* Expected to be refunded in part with proceeds of the Refunding Bonds.

On November 6, 2012, the District's voters approved a third bond measure in the amount of \$350,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued four series of bonds under the 2012 Authorization. As of September 1, 2020, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series B*	2014	\$80,000,000.00	\$ 26,535,000.00
Series 2017	2017	70,000,000.00	37,005,000.00
Series 2019	2019	150,000,000.00	137,600,000.00
TOTAL		\$300,000,000.00	\$201,140,000.00

\* Expected to be refunded in part with proceeds of the Refunding Bonds.

On November 8, 2016, the District's voters approved a fourth bond measure in the amount of \$750,000,000 for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of eligible voters. The District has previously issued two series of bonds under the 2016 Authorization. As of September 1, 2020, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 2019	2019	\$80,000,000.00	\$58,000,000.00
TOTAL		\$80,000,000.00	\$58,000,000.00

**Tax and Revenue Anticipation Notes.** To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District may issue tax and revenue anticipation notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District does not expect to issue a Tax and Revenue Anticipation Note in fiscal year 2020-21.

**Capital Leases.** The District is leasing equipment under long-term lease purchase agreements with capitalized value of \$2,637,370 and accumulated depreciation of \$2,191,978. The following is a summary of future payments on the capital leases:

<u>Year Ending June 30</u>	<u>Total</u>
2021	\$299,992
2022	299,992
2023	299,992
2024	149,996
Total Payments	1,049,972
Less amount representing interest	(54,284)
Net present value of minimum lease payments	\$ 995,688

Source: The District.

## Labor Relations

The District, including one dependent charter schools, employs 2,355 full-time-equivalent (“FTE”) certificated (non-management) employees, 1,807 FTE classified employees (non-management), and 347 FTE management and supervisory/other employees. District employees are represented by employee bargaining units as shown in the following table:

<b>San Juan Unified School District Labor Organizations</b>		
<u>Labor Organization</u>	<u>FTE Employees Represented<sup>(1)</sup></u>	<u>Contract Expiration</u>
San Juan Professional Educators	161	June 30, 2021
San Juan Teachers Association	2,342	June 30, 2021
California School Employee Association	1,672	November 14, 2020
Teamsters	130	June 30, 2021
Classified Supervisors Association	45	June 30, 2021
Total	4,350	

<sup>(1)</sup> Excluding vacancies.

Source: The District.

## Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, including teachers and administrators, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

**CalSTRS.** The CalSTRS defined benefit pension plan provides retirement benefits (generally 2% of final compensation for each year of credited service) to participating employees based on hiring date, age, final compensation and years of credited service. The CalSTRS benefit pension plan is funded through a combination of investment earnings and statutorily set contributions from participating employees, employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily set rates did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employee, employer and State contributions to CalSTRS were not sufficient to pay actuarially determined amounts. To address the shortfall and implement a new funding strategy, Governor Brown signed into law Assembly Bill 1469 on June 24, 2014, as part of the fiscal year 2014-15 State budget (the “**2014-15 State Budget**”). The 2014-15 State Budget introduced phased increases to employee, employer and State contributions to CalSTRS and sets forth a plan to eliminate CalSTRS’ unfunded liability by June 30, 2046.

The 2014-15 State Budget increased employee contributions, which were previously set at 8.00% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. On July 1, 2018, the rate increased to 10.250% of pay for employees hired on or after January 1, 2013. Employer contribution rates were also increased in fiscal year 2014-15 to 8.88% of payroll, with such rate increasing by 1.85% each year thereafter, plateauing at 19.10% of payroll in July 2020. However, due to supplemental payments of approximately \$850 million pursuant to the 2019-20 State Budget, employer contribution rates decreased from 18.13% to 17.10% in fiscal year 2019-20 and 19.10% to 18.40% in fiscal year 2020-21. In addition, pursuant to the 2020-21 State Budget, employer contribution rates are expected to decrease from 18.40% to 16.15% in fiscal year 2020-21 and from 17.10% to 16.02% in fiscal year 2021-22 (see table below). The State’s total contribution was increased from approximately 3% in fiscal year 2013-14 to 6.828% of payroll in fiscal year 2017-18, and to 10.828% of payroll in fiscal year 2020-21. The State’s contribution includes an annual payment of 2.5% of payroll pursuant to a supplemental inflation protection program.

Pursuant to the 2014-15 State Budget, employer contribution rates, including school districts’ contribution rates, will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2014	8.88%
2015	10.73
2016	12.58
2017	14.43
2018	16.28
2019	17.10*
2020	16.15†
2021	16.02†

\* Pursuant to the fiscal year 2019-20 State budget.

† Pursuant to the 2020-21 State Budget. See “– State Funding of Education; State Budget Process –2020-21 State Budget.”  
Source: Assembly Bill 1469.

The following table sets forth the District’s employer contributions to CalSTRS as well as the State’s non-employer contributions to CalSTRS on behalf of the District for fiscal years 2012-13 through 2019-20, and the budgeted contribution for fiscal year 2020-21.

**SAN JUAN UNIFIED SCHOOL DISTRICT  
Employer Contribution to CalSTRS  
Fiscal Years 2012-13 through 2020-21**

Fiscal Year	Contribution
2012-13	\$14,462,826
2013-14	14,764,999
2014-15	26,953,195
2015-16	34,596,654
2016-17	38,558,543
2017-18	48,277,983
2018-19	67,698,959
2019-20	61,577,994
2020-21 <sup>(1)</sup>	56,671,995

<sup>(1)</sup> Projected.

Source: The District.

The District’s total employer contributions to CalSTRS for fiscal years 2012-13 through 2019-20 were equal to 100% of the required contributions for each year. Pursuant to the 2014-15 State Budget, beginning in fiscal year 2021-22, the State Teachers Retirement Board is required to increase or decrease employer contribution rates to the rates designed to eliminate the CalSTRS unfunded liability by June 30, 2046. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. As the world is currently experiencing a pandemic, the District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See “MISCELLANEOUS – Risks Related to COVID-19.” However, under existing law, the State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers Retirement Board may also adjust the State’s contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability.

As of June 30, 2019, the actuarial valuation (the “**2019 CalSTRS Actuarial Valuation**”) for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of \$105.7 billion, a decrease of approximately \$1.5 billion from the June 30, 2018 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2019 and June 30, 2018, based on the actuarial assumptions, were approximately 66.0% and 64.0%, respectively. According to the 2019 CalSTRS Actuarial Valuation, the funded ratio increased by 2.0% during the past year and has decreased by approximately 12% over the past 10 years. As described in the 2019 CalSTRS Actuarial Valuation, the additional State contribution and the return on the actuarial

value of assets (7.7%) that exceeded the assumed return (7%) were the primary causes of the increase in the funded ratio from the prior year valuation. 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 2019 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 2019 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPPRA (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.

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

**CalPERS.** All qualifying classified employees of K-12 school districts in the State are members in CalPERS. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, 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 of CalPERS. Accordingly, the District cannot provide any assurances that the District’s required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts’ contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See “MISCELLANEOUS – Risks Related to COVID-19” for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and originally 20.733% and 22.68% for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State’s buydown of employer contribution rates in fiscal year 2019-20. Similarly, the 2020-21 State Budget allocates funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.84%, respectively. See “DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process – 2020-21 State Budget.”

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2018 (the “**2018 CalPERS Schools Pool Actuarial Valuation**”) reported an actuarial accrued liability of \$92.07 billion with the market value of assets at \$64.85 billion, and a funded status of 70.4%. The actuarial funding method used in the 2018 CalPERS Schools Pool Actuarial Valuation is the “Entry Age Normal Cost Method.” The 2018 CalPERS Schools Pool Actuarial Valuation assumes, among other things, 2.625% inflation and payroll growth of 2.875% compounded annually. The 2018 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.25% compounded annually (net of administrative expenses) as of June 30, 2018 and 7.00% compounded annually (net of administrative expenses) as of June 30, 2019. The CalPERS Board adopted new demographic assumptions on December 19, 2017, including a reduction in the inflation assumption from 2.625% as of June 30, 2018 to 2.50% as of June 30, 2019. The reduction in the inflation assumption results in decreases in both the normal cost and the accrued liabilities in the future.

The following table sets forth the District’s total employer contributions to CalPERS as well as the State’s non-employer contributions to CalPERS on behalf of the District for fiscal years 2012-13 through 2019-20, and the budgeted contribution for fiscal year 2020-21.



**SAN JUAN UNIFIED SCHOOL DISTRICT**  
**Employer Contribution to CalPERS**  
**Fiscal Years 2012-13 through 2020-21**

<u>Fiscal Year</u>	<u>Contribution</u>
2012-13	\$ 7,579,896
2013-14	7,744,417
2014-15	8,314,770
2015-16	10,507,670
2016-17	10,950,220
2017-18	12,553,571
2018-19	19,897,977
2019-20	15,758,956
2020-21 <sup>(1)</sup>	17,602,015

<sup>(1)</sup> Projected.

Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2012-13 through 2019-20 were equal to 100% of the required contributions for each year.

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

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

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

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

**GASB 67 and 68.** In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, GASB Statement No. 67, Financial Reporting for Pension Plans ("**GASB 67**"), which addresses financial

reporting for pension plans, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions (“**GASB 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 calculate and report the costs and obligations associated with pensions. GASB 67 replaced the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and GASB 68 replaced the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of GASB Statement No. 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. GASB 67 took effect in fiscal years beginning after June 15, 2013, and GASB 68 took effect in fiscal years beginning after June 15, 2014. The District’s audited financial statements attached as APPENDIX B reflect the reporting requirements pursuant to GASB 68.

**Accrued Liability.** Beginning in fiscal year 2007-08, the District was required to implement Governmental Accounting Standards Board Statement No. 45 (“**GASB 45**”) which directs certain changes in accounting for post-employment healthcare benefits in order to quantify a government agency’s current liability for future benefit payments.

In June 2015, GASB approved new accounting and financial reporting standards for state and local government OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (“**GASB 74**”), applies to OPEB plans. Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“**GASB 75**”), applies to state and local employers that sponsor OPEB. Generally, the new OPEB standards parallel those applied to defined-benefit pension plans and participating employers by GASB 67 and 68, respectively. The new standards introduce new procedures for measuring OPEB liabilities and costs, require employers to report a net OPEB liability on their financial statements, and require more extensive disclosure in plan and employer financial statements. GASB 74 was effective for plans with fiscal years beginning after June 15, 2016. GASB 75 is effective for employers for fiscal years beginning after June 15, 2017.

The District has implemented GASB 74 and GASB 75, the latter as a replacement to GASB 45. Under GASB 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.

**Other Post-Employment Benefits.** In addition to the retirement plan benefits with CalSTRS and CalPERS (see “– Retirement Benefits” above), the District provides certain post-retirement healthcare benefits. The District administers a single-employer defined benefit healthcare plan (the “Plan”). The Plan provides medical coverage, as well as dental and vision plans to its participants on a self-paid basis. For a description of the Plan, see Note 10 to the District’s financial statements attached hereto as APPENDIX B – “FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019.” As of June 30, 2020, membership in the Plan consisted of 547 retirees and beneficiaries receiving benefits and 4,283 active plan members.

The contribution requirements of Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019-20, the District’s contributions to the Plan totaled \$7,187,423. As of June 30, 2020, the District had a Total OPEB Liability of \$123,409,701.

**Accrued Vacation.** The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2020, was \$6.0 million.

## **Restricted Maintenance Reserve Account**

As a condition to receiving State modernization or construction funds, the District has agreed to fund a restricted maintenance reserve account in the general fund each year for 20 years. For fiscal year 2020-21, the minimum amount required to be deposited into the account is 3% of the total general fund expenditures for that fiscal year. For fiscal year 2020-21, the District projects it will contribute approximately \$14.2 million to this reserve account.

## **Insurance, Risk Pooling and Joint Powers Arrangement**

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

## **Charter Schools**

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

Ten charter schools currently operate in the District’s boundaries, one of which is dependent and nine of which are directly funded. For the directly-funded schools, the District pays revenue in lieu of property taxes up to the LCFF amount for charter students originating within the District. For fiscal year 2020-21, the District expects to make in-lieu payments in an amount equal to approximately \$26.0 million.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Limitations on Revenues**

On June 6, 1978, State voters approved Proposition 13 (“**Proposition 13**”), which added Article XIII A to the State Constitution (“**Article XIII A**”). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The 2012 Authorization and the 2016 Authorization under which the Bonds are issued were approved pursuant to clause (iii). Article XIII A 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 XIII A 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 XIII A. 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 XIII A.** Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the 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 “situation.” 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.

**Split Roll Property Tax Ballot Measure.** The California Schools and Local Communities Funding Act of 2020 (commonly known as the “Split Roll Measure”) has qualified for the November 3, 2020 general election ballot, and will appear as Proposition 15 thereon. Proposition 15 would amend Article XIII A such that the “full cash value” of commercial and industrial real property that is not zoned for commercial agricultural production, for each lien date, would be equal to the fair market value of that property. If passed, Proposition 15 would not affect the “full cash value” of residential property or real property used for commercial agricultural production, which would continue to be subject to annual increases not to exceed 2%. After compensating the State general fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund.

The District cannot predict whether Proposition 15 will be approved by a majority of voters casting a ballot. If approved, the District cannot make any assurance as to what effect the implementation of Proposition 15 will have on District revenues or the assessed valuation of real property in the District. However, if passed, implementation of the measure, which would require reassessment of commercial properties, may result in difficulties in the tax assessment, appeals and collection process.

### **Article XIII B 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 XIII B to the State Constitution (“**Article XIII B**”). Under Article XIII B 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 XIII B 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 XIII B, 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 2019-20, the District had an appropriations limit of \$272,306,436 and appropriations subject to such limit of \$272,306,436. The District has budgeted an appropriations limit in fiscal year 2020-21 of \$282,463,466.

Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

### **Article XIII C and Article XIII D 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 XIII C and XIII D ("**Article XIII C**" and "**Article XIII D**," 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 XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, 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 XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the 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 XIII B 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 XIII B 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 XIII B by reference to per capita personal income) and enrollment (the "**second test**"). Under Proposition 111, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

### **Proposition 30 and Proposition 55**

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

amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

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

### **Applications of Constitutional and Statutory Provisions**

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

### **Proposition 2**

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

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

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

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 2% 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 XIII A, Article XIII B, Article XIII C, Article XIII D, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.



## APPENDIX B

### THE ECONOMY OF THE DISTRICT

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

#### Population

The population of the City and County from 2000 through 2020 is provided in the table below.

#### POPULATION GROWTH City of Citrus Heights and County of Sacramento 2000 through 2020

Year	City of Citrus Heights		County of Sacramento	
	Population	Annual % Change	Population	Annual % Change
2000	85,071	–	1,223,499	–
2001	85,956	1.04%	1,248,072	2.01%
2002	86,918	1.12	1,279,588	2.53
2003	86,458	(0.53)	1,307,189	2.16
2004	85,940	(0.60)	1,331,910	1.89
2005	85,153	(0.92)	1,350,523	1.40
2006	84,112	(1.22)	1,365,214	1.09
2007	83,552	(0.67)	1,380,172	1.10
2008	83,347	(0.25)	1,394,510	1.04
2009	83,317	(0.04)	1,406,168	0.84
2010	83,382	0.08	1,417,259	0.79
2011	83,776	0.47	1,430,031	0.90
2012	84,417	0.77	1,442,546	0.88
2013	84,540	0.15	1,453,969	0.79
2014	84,972	0.51	1,466,176	0.84
2015	85,668	0.82	1,481,751	1.06
2016	86,453	0.92	1,496,385	0.99
2017	87,106	0.76	1,512,721	1.09
2018	87,550	0.51	1,527,132	0.95
2019	87,731	0.21	1,541,301	0.93
2020*	87,811	0.09	1,555,365	0.91

\* As of January 1, 2020.

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010 with 2000 & 2010 Census Counts for City and County of Sacramento for years 2000-2009; California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011–2020, with 2010 Census Benchmark for City and County of Sacramento for years 2010-2020.

## Employment

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

### ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT County of Sacramento 2014 through 2019<sup>(2)</sup>

Industry	Employment <sup>(1)</sup>					
	2014	2015	2016	2017	2018	2019 <sup>(2)</sup>
Agriculture	2,600	2,600	3,000	3,100	2,600	2,200
Mining & Logging	200	200	100	200	200	200
Construction	28,600	30,700	33,500	35,500	37,800	39,800
Manufacturing	20,900	20,900	21,100	21,100	21,500	21,800
Transportation, Warehousing, and Utilities	13,000	13,700	14,400	14,600	16,900	20,900
Information	10,000	10,100	9,700	8,500	8,400	7,800
Financial Activities	30,900	32,800	33,000	33,100	33,800	33,900
Professional and Business Services	89,400	87,800	93,900	95,400	98,700	98,100
Education and Health Services	94,400	98,500	101,800	105,900	111,400	118,500
Leisure and Hospitality	56,100	58,200	60,800	62,300	64,800	67,400
Other Services	20,300	20,700	21,600	21,700	23,200	23,300
Government	160,700	162,700	164,600	165,100	164,600	169,300
Total	527,100	538,900	557,500	566,500	583,900	603,200

<sup>(1)</sup> Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.

<sup>(2)</sup> Most current information available, from monthly chart of December 2019. Annual data not available.

Source: California State Department of Employment Development, Labor Market Information Division.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**County of Sacramento**  
**Annual Averages, 2001 through 2019**

Year	Civilian Labor Force	Employed Labor Force <sup>(1)</sup>	Unemployed Labor Force <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
2001	624,100	595,900	28,200	4.5%
2002	642,100	606,100	36,000	5.6
2003	652,200	614,100	38,100	5.8
2004	659,100	622,200	36,900	5.6
2005	664,300	631,500	32,800	4.9
2006	668,800	637,000	31,800	4.8
2007	675,800	639,100	36,700	5.4
2008	679,400	630,300	49,100	7.2
2009	681,100	606,100	75,000	11.0
2010	683,100	597,000	86,100	12.6
2011	680,000	597,700	82,300	12.1
2012	681,300	609,700	71,600	10.5
2013	680,200	619,800	60,400	8.9
2014	680,700	631,000	49,700	7.3
2015	686,000	644,900	41,100	6.0
2016	695,200	657,600	37,700	5.4
2017	697,300	664,800	32,500	4.7
2018	705,000	677,500	27,400	3.9
2019	712,400	686,300	26,100	3.7

<sup>(1)</sup> Includes persons involved in labor-management trade disputes.

<sup>(2)</sup> Includes all persons without jobs who are actively seeking work.

<sup>(3)</sup> This rate is computed from unrounded data: it may differ from rates computed from rounded figures in this table.

Source: California State Department of Employment Development, Labor Market Information Division.

## Major Employers

The table below represents the largest employers in the County in 2019.

### LARGEST EMPLOYERS County of Sacramento

Company	Type of Business	Sacramento County Employees (FTEs)
University of California, Davis Health System	Healthcare	12,840
Kaiser Permanente	Managed Healthcare	11,005
Sutter/California Health Services	Managed Healthcare	8,177
Dignity/Mercy Health	Healthcare	7,000
Intel Corporation	Technology	6,000
Apple, Inc.	Technology	5,000
Raley's Inc./Bel Air	Grocery	3,374
Health Net of California Inc.	Healthcare	3,000
VSP Global	Vision Care	2,700
Amazon – Sacramento Fulfillment Center	Shipping	2,000

*Source:* County of Sacramento Comprehensive Financial Audit Report, June 30, 2019. Data is for private sector employers only.

## Commercial Activity

The following tables show taxable sales within the County for 2015 through 2019.

### TAXABLE SALES County of Sacramento 2015 through 2019 (\$000)

	2015	2016	2017	2018	2019
Motor Vehicle and Parts Dealers	\$3,201,485	\$3,528,649	\$3,671,622	\$3,632,818	\$3,711,671
Furniture and Home Furnishings Stores	1,116,793	1,190,152	1,127,638	1,101,628	1,037,218
Electronics and Appliance Stores	-	-	-	-	-
Building Materials and Garden Equipment and Supplies	1,275,705	1,432,809	1,551,120	1,571,756	1,601,215
Food and Beverage Stores	989,546	1,001,268	1,055,813	1,115,406	1,075,633
Health and Personal Care Stores	-	-	-	-	-
Gasoline Stations	1,575,528	1,452,889	1,628,014	1,882,372	1,922,330
Clothing and Clothing Accessories Stores	959,454	1,021,647	1,037,868	1,102,620	1,117,956
Sporting Goods, Hobby, Musical Instruments, & Book Stores	-	-	-	-	-
General Merchandise Stores	2,003,553	2,018,904	2,289,024	2,402,534	2,528,602
Miscellaneous Store Retailers	1,825,439	1,932,719	1,993,483	2,093,087	2,355,183
Nonstore Retailers	-	-	-	-	-
Food Services & Drinking Places	2,273,722	2,437,820	2,580,286	2,691,148	2,845,490
Total Retail and Food Services	\$15,221,223	\$16,016,856	\$16,934,871	\$17,593,374	\$18,195,301
All Other Outlets	6,821,972	7,167,643	7,675,745	7,850,294	8,641,063
Total All Outlets <sup>(1)</sup>	\$22,043,196	\$23,184,499	\$24,610,616	\$25,443,669	\$26,836,365

<sup>(1)</sup> Columns may not sum to totals due to rounding.

Source: California State Board of Equalization; California Department of Tax and Fee Administration.

## Income

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

### PER CAPITA PERSONAL INCOME 2000 through 2019

Year	Sacramento County	California	United States
2000	\$29,484	\$33,095	\$30,602
2001	31,192	33,671	31,540
2002	31,524	33,901	31,815
2003	32,673	35,234	32,692
2004	34,240	37,551	34,316
2005	35,398	39,521	35,904
2006	37,213	42,334	38,144
2007	38,172	43,692	39,821
2008	39,280	44,162	41,082
2009	38,213	42,224	39,376
2010	38,443	43,317	40,277
2011	40,068	45,849	42,461
2012	41,303	48,369	44,282
2013	42,229	48,570	44,493
2014	44,303	51,344	46,949
2015	46,845	54,718	48,451
2016	48,122	56,374	49,246
2017	50,445	60,549	52,118
2018	52,544	63,720	54,606
2019*	-	66,619	56,490

\* Data not available for Sacramento County.

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

**APPENDIX C**

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

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**SAN JUAN UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2019

SAN JUAN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019  
(Continued)

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SAN JUAN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
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SAN JUAN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
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For the Year Ended June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

Audit Committee  
San Juan Unified School District  
Carmichael, California

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

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(Continued)

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 15 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 60 to 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the San Juan Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of San Juan Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Juan Unified School District's internal control over financial reporting and compliance.

*Crowe LLP*

Crowe LLP

Sacramento, California  
December 6, 2019

**San Juan Unified School District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

The management's discussion and analysis of San Juan Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, the District's financial statements which begin on page 16, and the notes to the financial statements on pages 28.

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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



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

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. State support from local control funding formula and categorical apportionments finance most of these activities.
- Business-type activities – The District does not currently have any business type activities.

### Fund Financial Statements

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

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

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund -- the employee self-insurance fund.

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position was \$(189,423,794) on June 30, 2019 resulting in a decrease from the prior fiscal period by \$1,769,102.

<i>Statement of Net Position</i>	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>% Diff</b>
Current and other assets	488,223,805	380,598,807	107,624,998	28%
Capital assets	629,323,823	525,822,158	103,501,665	20%
<b>Total Assets</b>	<b>1,117,547,628</b>	<b>906,420,965</b>	<b>211,126,663</b>	<b>23%</b>
Deferred Outflows	162,629,093	157,987,573	4,641,520	3%
Current liabilities	43,587,513	46,268,154	(2,680,641)	-6%
Long-term liabilities	1,383,559,468	1,171,146,711	212,412,757	18%
<b>Total Liabilities</b>	<b>1,427,146,981</b>	<b>1,217,414,865</b>	<b>209,732,116</b>	<b>17%</b>
Deferred Inflows	42,453,534	34,648,366	7,805,168	23%
Net assets invested in capital assets, net of				
related debt	167,000,035	159,240,141	7,759,894	5%
Restricted	291,588,570	202,252,635	89,335,935	44%
Unrestricted	(648,012,399)	(549,147,468)	(98,864,931)	18%
<b>Total Net Assets</b>	<b>(189,423,794)</b>	<b>(187,654,692)</b>	<b>(1,769,102)</b>	<b>1%</b>

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

- At the end of fiscal year 2018-19, the District had a total value of \$931,645,371 in capital assets. Capital assets include land, buildings, land improvements, equipment and capital projects that are still in progress. Total accumulated depreciation amounted to \$302,321,548. The net capital assets amounted to \$629,323,823, an increase of \$103,501,665 from prior year. This is a result of increased capital projects being handled and completed through Measures J, N and P.

<u>Capital Assets</u>				
	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>% Diff</b>
Land	6,350,107	6,350,107	-	0%
Work in Progress	204,313,991	98,400,990	105,913,001	108%
Land Improvements	81,383,301	80,118,384	1,264,917	2%
Buildings	612,567,733	591,711,406	20,856,327	4%
Equipment	27,030,239	25,889,713	1,140,526	4%
Capital Assets, cost	931,645,371	802,470,600	129,174,771	16%
Accumulated Depreciation	(302,321,548)	(276,648,442)	(25,673,106)	9%
Capital Assets, net	629,323,823	525,822,158	103,501,665	20%

- Current and other assets include cash, including cash with fiscal agent, receivables, investments, due from (to) other funds, stores inventory and pre-paid expenses. An increase in current assets of \$107,624,998 is mainly due to capital project expenses under Measures J, N and P. (See "Statement of Net Position" chart.)

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

- The District ended the year with a total of \$1,383,559,468 in outstanding financing obligations, including other post-employment benefits (OPEB), compensated absences and net pension liabilities. The increase in long-term debt of \$212,412,757 is mainly attributed to net pension liabilities and new issuances of general obligation bonds.

<u>Long-Term Liabilities</u>				
	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>% Diff</b>
General Obligation Bonds	\$ 606,880,957	\$ 441,659,707	\$165,221,250	37%
Accreted Interest	69,138,917	65,977,006	3,161,911	5%
Premium on Issuance of				
General Obligation Bonds	39,100,624	23,707,474	15,393,150	65%
Capitalized lease obligations	1,263,483	1,529,573	(266,090)	-17%
Qualified School Construction Bonds	126,303	251,352	(125,049)	-50%
Other Postemployment Benefits	125,423,742	127,287,799	(1,864,057)	-1%
Compensated absences	5,170,442	5,312,800	(142,358)	-3%
Net Pension Liability	536,455,000	505,421,000	31,034,000	6%
Total Long-Term Liabilities	\$ 1,383,559,468	\$ 1,171,146,711	\$212,412,757	18%

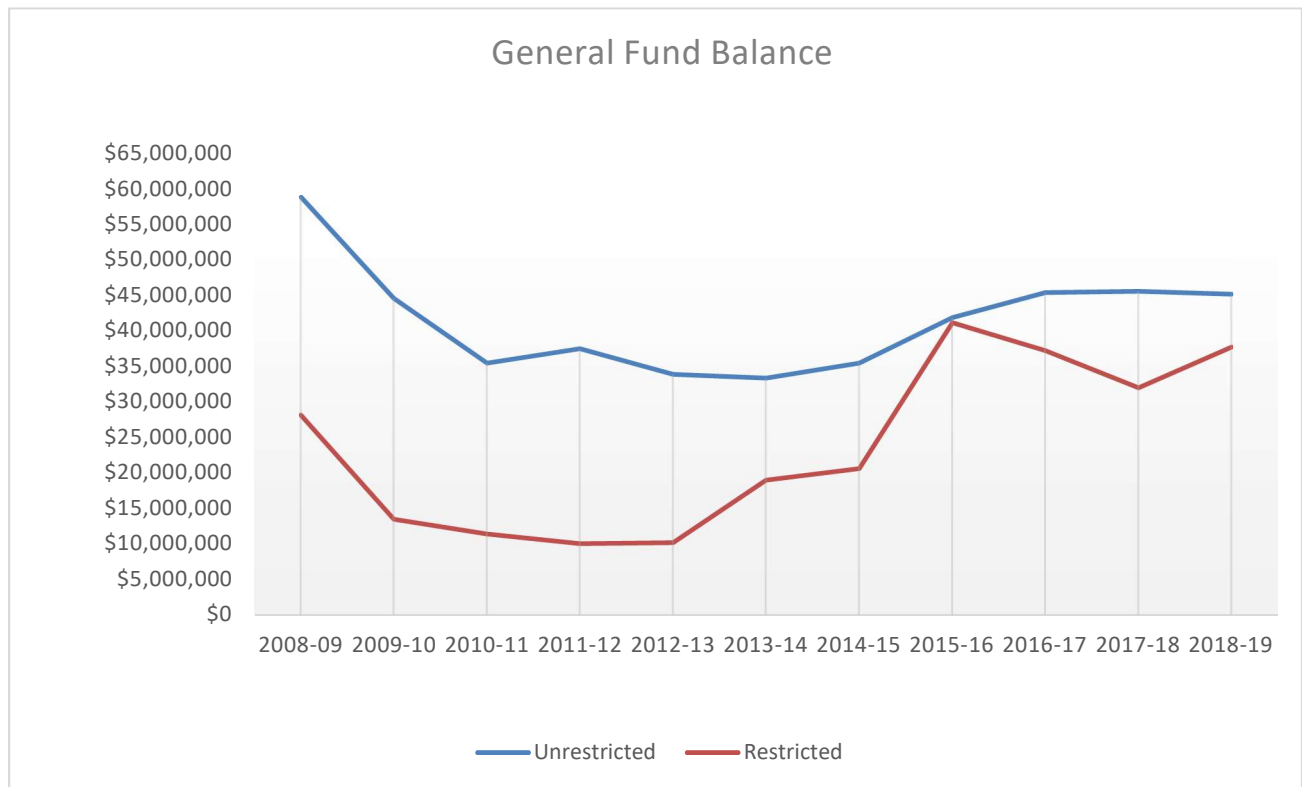
- A decrease in current liabilities of \$2,680,641 is attributable to payments to vendors for goods and services received prior to June 30, 2019 and unearned revenue. Current liabilities include accounts payable, unearned revenue,

interagency balances and unpaid claims and claim adjustment expenses. (See “Statement of Net Position” chart.)

## FINANCIAL HIGHLIGHTS

The District, as a whole, experienced a change in net position from prior year by (\$1,769,102). Revenues decreased by \$13,660,914 which is primarily attributable to the decrease in federal and state revenue and the transfer out for revenue for Visions in Education. This amount also includes an increase in unrestricted state aid due to the change in calculating school district revenue, i.e., Local Control Funding Formula (LCFF) and one-time funds for partial repayment of mandated cost reimbursements. Expenditures increased by \$12,420,496 which is primarily due to the completion of capital projects which are primarily instructional related.

<i>Statement of Activities</i>				
	2019	2018	Variance	% Diff
Program Revenue				
Charges for Services	\$ 13,412,910	\$ 12,483,859	\$ 929,051	7%
Operating Grants & Contributions	166,532,000	133,721,419	32,810,581	25%
Capital Grants & Contributions	1,129	475,581	(474,452)	-100%
General Revenue				
Taxes and subventions	186,626,748	180,287,246	6,339,499	4%
Federal and State Aid	266,531,588	293,000,933	(26,469,345)	-9%
Interest and Investment	2,181,099	1,449,080	732,019	51%
Interagency Revenues	730,771	803,331	(72,560)	-9%
Miscellaneous	(23,960,757)	3,425,180	(27,455,707)	-802%
Total Revenue	\$ 612,055,488	\$ 625,646,629	\$ (13,660,914)	-2%
Expenditures				
Instructional Related	\$ 359,771,182	\$ 350,909,793	\$ (21,045,762)	-6%
Student Support Services	89,111,624	92,224,536	(10,823,011)	-12%
Pupil Services	59,693,798	55,622,758	(540,489)	-1%
General Administration	28,161,153	27,272,900	(2,020,734)	-7%
Plant Services	48,254,846	46,979,148	(2,334,984)	-5%
Other Services	4,275,204	4,018,543	(7,806)	0%
Interest on long-term debt	18,897,489	22,814,478	(3,916,989)	-17%
Other outgo	5,659,294	1,561,936	4,097,358	262%
Depreciation	-	-	-	
Total Expenditures	\$ 613,824,590	\$ 601,404,092	\$ 12,420,498	2%
Change in Net Position	\$ (1,769,102)	\$ 24,242,537	\$ (26,081,412)	-108%



The District's General Fund overall experienced an increase in its fund balance by \$5,320,678, primarily in restricted funds. Revenue increased by \$58.0 million which is mainly due to the one-time STRS and PERS On-Behalf Contributions, one-time mandated cost reimbursements, increased revenue for Career Technical Education Incentive Grant, Special Education and Low Performance Student Block Grant. Although the District's funded average daily attendance (ADA) slightly increased, the

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

	2019			2018			Variance		
	Unrestricted	Restricted	TOTAL	Unrestricted	Restricted	TOTAL	Unrestricted	Restricted	TOTAL
Total Revenues	\$ 375,620,577	\$ 118,432,116	\$ 494,052,693	\$ 348,585,208	\$ 87,459,061	\$ 436,044,269	\$ 27,035,369	\$ 30,973,055	\$ 58,008,424
Total Expenditures	(318,613,580)	(169,256,485)	(487,870,065)	(296,763,692)	(143,597,134)	(440,360,826)	(21,849,888)	(25,659,351)	(47,509,239)
Transfers In	1,471,842	-	1,471,842	1,500,026	-	1,500,026	(28,184)	-	(28,184)
Transfers Out	(327,176)	(2,006,615)	(2,333,791)	(205,511)	(2,019,059)	(2,224,570)	(121,665)	12,444	(109,221)
Contributions from unrestricted	(58,555,926)	58,555,926	-	(52,924,667)	52,924,667	-	(5,631,259)	5,631,259	-
Net Increase (Decrease) in Fund Balance	\$ (404,263)	\$ 5,724,942	\$ 5,320,679	\$ 191,364	\$ (5,232,465)	\$ (5,041,101)	\$ (595,627)	\$ 10,957,407	\$ 10,361,780
Beginning Fund Balance	\$ 45,550,199	\$ 31,978,202	\$ 77,528,401	\$ 45,358,835	\$ 37,210,667	\$ 82,569,502	\$ 191,364	\$ (5,232,465)	\$ (5,041,101)
Ending Fund Balance	\$ 45,145,936	\$ 37,703,144	\$ 82,849,080	\$ 45,550,199	\$ 31,978,202	\$ 77,528,401	\$ (404,263)	\$ 5,724,942	\$ 5,320,679
Source: SACS Report									

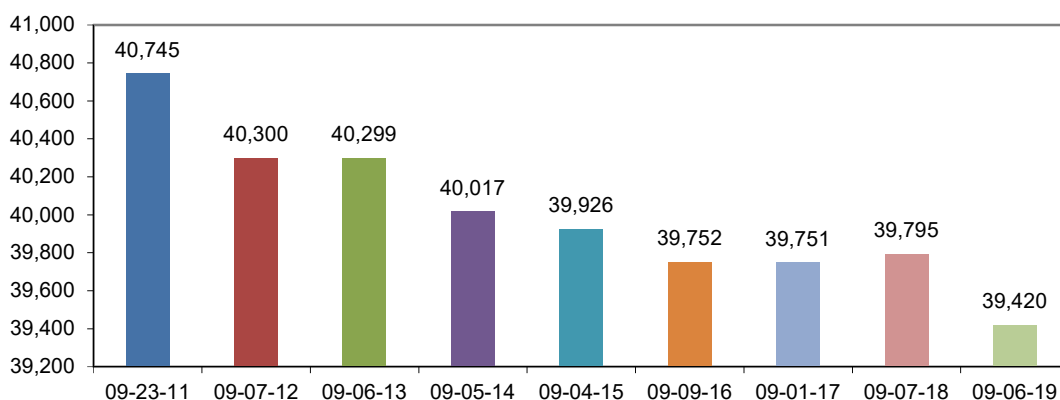
District's LCFF funding allocation per ADA also increased, including supplemental funding. Revenue from property taxes also increased.

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

- Salaries increased due to step and column increases and a one-time 2.0% salary bonus. A 1.8% salary increase for teachers and 1.6% increase for all other certificated and classified staff occurred as of Nov. 1, 2018, as part of an approved collective bargaining agreement in FY 18-19
- Increased health and welfare costs for both active and retired employees, increase STRS and PERS rates and increased STRS/PERS on-behalf payment
- Decreased expenses in materials and supplies and food
- Increased contract services and decrease on transfer from other funds due to the separation of Visions In Education
- Increased expense in capital outlay due to bus replacements, M&O vehicles and equipment and classroom equipment for Career Technical Education (CTE)
- Decreased operating transfers in and out due to one-time contributions that occurred in FY 17-18 for equipment replacement in Nutrition Services.
- Increase in contributions since one-time transfers of Mandated Costs reimbursement funds for furniture and equipment for sites occurred and the contribution to Routine Repair Maintenance up to 3% of general fund expenditure needed to be adjusted

The District experienced a slight increase in student enrollment between FY 17-18 and FY 18-19. However, even with a decrease in FY 19-20, student enrollment is projected to have a slight increase in the next two (2) years.

Enrollment



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

## Governmental Funds – Fund Balance

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

<i>STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE</i>				
<b><u>Charter School Fund</u></b>	<b>2019</b>	<b>2018</b>	<b>Variance</b>	<b>% Diff</b>
Total Revenue	\$ 3,685,006	\$ 55,729,956	\$ (52,044,950)	-93%
Total Expenditure	(2,254,941)	(50,375,159)	48,120,218	-96%
Transfers In/(Out)	(28,084,679)	(623,727)	(27,460,952)	4403%
Net Increase/(Decrease) in Fund Balance	\$ (26,654,614)	\$ 4,731,070	\$ (31,385,684)	-663%
Beginning Fund Balance	27,799,202	23,068,132	4,731,070	21%
Ending Fund Balance	\$ 1,144,588	\$ 27,799,202	\$ (26,654,614)	-96%

The net decrease in fund balance for the Charter School Fund is primarily due to the separation of Visions in Education. The stated ending fund balance for Choices Charter School includes revenue received from an increase in their ADA of 26.37 from previous year. Even though salaries, payroll related costs, including STRS/PERS, and employee health and welfare benefits increased, their revenue still exceeded their expenses.

<i>STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE</i>				
	2019	2018	Variance	% Diff
<b><u>Adult Education Fund</u></b>				
Total Revenue	\$ 3,612,306	\$ 3,324,554	\$ 287,752	9%
Total Expenditure	(3,244,836)	(3,070,635)	(174,201)	6%
Transfers In/(Out)	(217,502)	(191,577)	(25,925)	14%
Net Increase/(Decrease) in Fund Balance	\$ 149,968	\$ 62,343	\$ 87,625	141%
Beginning Fund Balance	1,332,611	1,270,268	62,343	5%
Ending Fund Balance	\$ 1,482,579	\$ 1,332,611	\$ 149,968	11%

The net increase in fund balance for the Adult Education Fund is due to the increase in enrollment in federal and state funded grants. The funding for this program consists of state revenue from the Adult Education Block Grant (AEBG), federal revenue from the Workforce Investment Act, state revenue from CalWorks and fees for various vocational classes. The net increase in expenditure is due to the on-going expansion of our ESL program. Even with a one-time 2.0% salary bonus, increased salaries due to collective bargaining agreements, increased costs in employee health and welfare benefits and payroll related costs, including STRS/PERS, the program still managed to increase their fund balance.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Child Development Fund</u></b>				
Total Revenue	\$ 21,792,098	\$ 20,161,782	\$ 1,630,316	8%
Total Expenditure	(20,589,849)	(18,752,019)	(1,837,830)	10%
Transfers In/(Out)	(738,796)	(668,881)	(69,915)	10%
Net Increase/(Decrease) in Fund Balance	\$ 463,453	\$ 740,882	\$ (277,429)	-37%
Beginning Fund Balance	1,883,412	1,142,530	740,882	65%
Ending Fund Balance	\$ 2,346,865	\$ 1,883,412	\$ 463,453	25%

The Child Development Fund experienced an increase in their revenue from both the federal and state agencies; awarded a full-day start-up grant of \$191,287, received 384 redistributed Head Start slots in Sacramento County for \$305,000 and cost increases for both federal and state funds. The increase in expenditure is due to a 2.0% one-time salary bonus, a salary increase of 1.8% for teachers and 1.6% for other staff due to collective bargaining agreements, step and column increase, increased health and welfare costs and payroll related costs, including STRS/PERS, due to the salary increases. Increased expense in other operating expenses also occurred due to the expansion and redistribution of slots for head start.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Cafeteria Fund</u></b>				
Total Revenue	\$ 16,803,754	\$ 16,188,083	\$ 615,671	4%
Total Expenditure	(15,750,817)	(15,217,309)	(533,508)	4%
Transfers In/(Out)	(521,064)	(776,031)	254,967	-33%
Net Increase/(Decrease) in Fund Balance	\$ 531,873	\$ 194,743	\$ 337,130	173%
Beginning Fund Balance	2,673,257	2,478,514	194,743	8%
Ending Fund Balance	\$ 3,205,130	\$ 2,673,257	\$ 531,873	20%

The Cafeteria Fund experienced an increase in fund balance. Revenue increased due to increased participation and increased Community Eligibility Provision (CEP) sites. The increase in expenditure is due to a 2.0% one-time salary bonus, a 1.6% salary increase for staff due to collective bargaining agreements, increase in payroll related costs, including PERS and PERS on-behalf expense, and increase in health and welfare costs.



STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Deferred Maintenance Fund</u></b>				
Total Revenue	\$ 38,429	\$ 16,562	\$ 21,867	132%
Total Expenditure	(1,733,991)	(2,080,379)	346,388	-17%
Transfers In/(Out)	1,918,330	2,000,000	(81,670)	-4%
Net Increase/(Decrease) in Fund Balance	\$ 222,768	\$ (63,817)	\$ 286,585	-449%
Beginning Fund Balance	1,159,808	1,223,625	(63,817)	-5%
Ending Fund Balance	\$ 1,382,576	\$ 1,159,808	\$ 222,768	19%

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Building Fund (Including Measure J, N &amp; S)</u></b>				
Total Revenue	\$ 6,307,790	\$ 4,785,212	\$ 1,522,578	32%
Total Expenditure	(133,250,764)	(77,023,349)	(56,227,415)	73%
Transfers In/(Out)	239,303,261	5,387,829	233,915,432	4342%
Net Increase/(Decrease) in Fund Balance	\$112,360,287	\$(66,850,308)	\$ 179,210,595	-268%
Beginning Fund Balance	112,815,823	179,666,131	(66,850,308)	-37%
Ending Fund Balance	\$225,176,110	\$112,815,823	\$ 112,360,287	100%

The Building Fund includes revenue and expenditures that support capital improvement projects. It also includes the activities that are associated with leasing closed sites. This fund also represents the funding received from local property taxes as approved by the voters in 1998 (Measure S), in 2002 (Measure J), in 2012 (Measure N) and in 2016 (Measure P) and the project expenditures that are identified in the ballot measure. The net increase in fund balance is attributable to the issuance of Series 2019 of \$150 million for Measure N and \$80 million for Measure P.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Capital Facilities Fund</u></b>				
Total Revenue	\$ 1,871,833	\$ 1,359,098	\$ 512,735	38%
Total Expenditure	(207,624)	(1,084,094)	876,470	-81%
Transfers In/(Out)	(3,500,000)	-	(3,500,000)	
Net Increase/(Decrease) in Fund Balance	\$ (1,835,791)	\$ 275,004	\$ (2,110,795)	-768%
Beginning Fund Balance	3,480,716	3,205,712	275,004	9%
Ending Fund Balance	\$ 1,644,925	\$ 3,480,716	\$ (1,835,791)	-53%

The Capital Facilities Fund represents the funds collected in the developer fee program. The net decrease in this fund is primarily due to the transfer out of funds for the VOIP project.

<i>STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE</i>				
	2019	2018	Variance	% Diff
<b><u>County School Facilities Fund</u></b>				
Total Revenue	\$ 665,001	\$ 475,581	\$ 189,420	40%
Total Expenditure	-	-	-	
Transfers In/(Out)	(677,135)	(2,811,174)	2,134,039	
Net Increase/(Decrease) in Fund Balance	\$ (12,134)	\$ (2,335,593)	\$ 2,323,459	-99%
Beginning Fund Balance	13,210	2,348,803	(2,335,593)	-99%
Ending Fund Balance	\$ 1,076	\$ 13,210	\$ (12,134)	-92%

The County Schools Facilities Fund represents funds transferred from the State to the County for Modernization projects under the new (1998) School Facilities Program. For FY 2018-19, the District received reimbursement from the State for the modernization project at the Winterstein site.

<i>STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE</i>				
	2019	2018	Variance	% Diff
<b><u>Special Revenue Capital Outlay Proj.</u></b>				
Total Revenue	\$ 2,173,747	\$ 2,211,743	\$ (37,996)	-2%
Total Expenditure	(358,599)	(1,078,801)	720,202	-67%
Transfers In/(Out)	(3,693,868)	(1,591,894)	(2,101,974)	
Net Increase/(Decrease) in Fund Balance	\$ (1,878,720)	\$ (458,952)	\$ (1,419,769)	309%
Beginning Fund Balance	3,043,792	3,502,743	(458,952)	-13%
Ending Fund Balance	\$ 1,165,072	\$ 3,043,792	\$ (1,878,720)	-62%

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE				
	2019	2018	Variance	% Diff
<b><u>Bond Interest &amp; Redemption Fund</u></b>				
Total Revenue	\$ 80,882,119	\$ 80,925,497	\$ (43,378)	0%
Total Expenditure	(81,422,131)	(50,560,129)	(30,862,002)	61%
Transfers In/(Out)	17,480,359	(515,000)	17,995,359	
Net Increase/(Decrease) in Fund Balance	\$ 16,940,347	\$ 29,850,368	\$ (12,910,021)	-43%
Beginning Fund Balance	89,196,587	59,346,219	29,850,368	50%
Ending Fund Balance	\$106,136,934	\$ 89,196,587	\$ 16,940,347	19%

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

## FINANCIAL ISSUES

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

## **BASIC FINANCIAL STATEMENTS**

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 455,985,961
Receivables	30,416,613
Prepaid expenses	1,611,750
Stores inventory	209,481
Non-depreciable capital assets (Note 4)	210,664,098
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>418,659,725</u>
Total assets	<u>1,117,547,628</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions (Notes 8 and 9)	151,500,230
Deferred outflows of resources - OPEB (Note 10)	5,934,438
Deferred loss on refunding of debt	<u>5,194,425</u>
Total deferred outflows	<u>162,629,093</u>
<b>LIABILITIES</b>	
Accounts payable	30,365,739
Unearned revenue	1,905,610
Interagency balances	510,732
Unpaid claims and claim adjustment expenses (Note 5)	2,394,658
Long-term liabilities:	
Unpaid claims and claim adjustment expenses, less current portion (Note 5)	8,410,774
Due within one year (Note 6)	70,638,194
Due after one year (Note 6)	<u>1,312,921,274</u>
Total liabilities	<u>1,427,146,981</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - pensions (Notes 8 and 9)	30,837,000
Deferred inflows of resources - OPEB (Note 10)	<u>11,616,534</u>
Total deferred flows	<u>42,453,534</u>
<b>NET POSITION</b>	
Net investment in capital assets	167,000,035
Restricted:	
Legally restricted programs	73,694,761
Capital projects	106,136,934
Debt service	84,837,085
Self-insurance	26,919,790
Unrestricted	<u>(648,012,399)</u>
Total net position	<u>\$ (189,423,794)</u>

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 359,771,182	\$ 5,272,297	\$ 102,042,447	\$ 1,129	\$ (252,455,309)
Instruction-related services:					
Supervision of instruction	44,606,716	152,170	17,748,772	-	(26,705,774)
Instructional library, media and technology	3,965,455	35,870	300,556	-	(3,629,029)
School site administration	40,539,453	70,851	4,274,776	-	(36,193,826)
Pupil services:					
Home-to-school transportation	12,101,157	11	444,934	-	(11,656,212)
Food services	16,924,760	3,997,960	12,215,224	-	(711,576)
All other pupil services	30,667,881	43,267	9,475,356	-	(21,149,258)
General administration:					
Data processing	7,010,471	3,417	211,718	-	(6,795,336)
All other general administration	21,150,682	218,414	4,433,468	-	(16,498,800)
Plant services	48,254,846	263,986	2,958,493	-	(45,032,367)
Ancillary services	2,409,483	8,254	121,760	-	(2,279,469)
Community services	1,613,839	52,723	174,144	-	(1,386,972)
Enterprise activities	251,882	2,059	9,526	-	(240,297)
Interest on long-term liabilities	18,897,489	-	-	-	(18,897,489)
Other outgo	5,659,294	3,291,631	12,120,826	-	9,753,163
Total governmental activities	<u>\$ 613,824,590</u>	<u>\$ 13,412,910</u>	<u>\$ 166,532,000</u>	<u>\$ 1,129</u>	<u>(433,878,551)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					108,790,288
Taxes levied for debt service					77,737,950
Taxes levied for other specific purposes					98,510
Federal and state aid not restricted to specific purposes					266,531,588
Interest and investment earnings					2,181,099
Interagency revenues					730,771
Miscellaneous					3,894,645
Special item items					<u>(27,855,402)</u>
Total general revenues					<u>432,109,449</u>
Change in net position					(1,769,102)
Net position, July 1, 2018					<u>(187,654,692)</u>
Net position, June 30, 2019					<u>\$ (189,423,794)</u>

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments:					
Cash in County Treasury	\$ 73,700,387	\$ 49,535,384	\$ 88,046,537	\$ 7,715,574	\$ 218,997,882
Cash in revolving fund	205,000	-	-	3,947	208,947
Cash on hand and in banks	-	-	-	91,997	91,997
Cash awaiting deposit	10,911	-	-	284,913	295,824
Cash with Fiscal Agent	-	179,853,154	21,299,849	-	201,153,003
Receivables	20,881,643	729,373	639,534	7,756,552	30,007,102
Prepaid expenditures	597,287	2,333	-	26,912	626,532
Due from other funds	5,623,852	17,588	-	471,998	6,113,438
Stores inventory	20,378	-	-	189,103	209,481
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 101,039,458</u>	<u>\$ 230,137,832</u>	<u>\$ 109,985,920</u>	<u>\$ 16,540,996</u>	<u>\$ 457,704,206</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 12,031,065	\$ 4,913,544	\$ 3,821,377	\$ 628,202	\$ 21,394,188
Unearned revenue	844,838	-	27,609	134,400	1,006,847
Due to other funds	5,314,476	48,178	-	3,405,583	8,768,237
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>18,190,379</u>	<u>4,961,722</u>	<u>3,848,986</u>	<u>4,168,185</u>	<u>31,169,272</u>
Fund balances:					
Nonspendable	822,665	2,333	-	219,962	1,044,960
Restricted	37,213,233	225,173,777	106,136,934	12,152,849	380,676,793
Assigned	7,725,454	-	-	-	7,725,454
Unassigned	37,087,727	-	-	-	37,087,727
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>82,849,079</u>	<u>225,176,110</u>	<u>106,136,934</u>	<u>12,372,811</u>	<u>426,534,934</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 101,039,458</u>	<u>\$ 230,137,832</u>	<u>\$ 109,985,920</u>	<u>\$ 16,540,996</u>	<u>\$ 457,704,206</u>

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2019

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Total fund balances - Governmental Funds	\$ 426,534,934
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$931,645,371 and the accumulated depreciation is \$302,321,548 (Note 4).	629,323,823
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2019 consisted of (Note 6):

General Obligation Bonds	\$ (606,880,957)	
Accreted interest	(69,138,917)	
Unamortized Premium on issuance of		
General Obligation Bonds	(39,100,624)	
Capitalized lease obligations	(1,263,483)	
Qualified Zone Academy Bonds	(126,303)	
Total OPEB Liability (Note 10)	(125,423,742)	
Net pension liability (Notes 8 and 9)	(536,455,000)	
Compensated absences	(5,170,442)	(1,383,559,468)

Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.	5,194,425
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Internal service funds are included in the government-wide financial statements.	26,919,790
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In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).

Deferred outflows of resources relating to pensions	\$ 151,500,230	
Deferred inflows of resources relating to pensions	(30,837,000)	120,663,230

Unmatured interest on long-term liabilities is recognized in the period incurred.	(8,818,432)
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(Continued)



SAN JUAN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2019

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In government funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).

Deferred outflows of resources relating to OPEB	\$ 5,934,438	
Deferred inflows of resources relating to OPEB	<u>(11,616,534)</u>	<u>(5,682,096)</u>
Total net position - governmental activities		<u>\$ (189,423,794)</u>

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See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 247,425,658	\$ -	\$ -	\$ 3,179,847	\$ 250,605,505
Local sources	<u>108,804,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,804,337</u>
Total LCFF	<u>356,229,995</u>	<u>-</u>	<u>-</u>	<u>3,179,847</u>	<u>359,409,842</u>
Federal sources	28,436,692	-	-	22,054,489	50,491,181
Other state sources	97,424,889	85,915	808,904	11,107,824	109,427,532
Other local sources	<u>11,961,118</u>	<u>6,221,875</u>	<u>80,073,215</u>	<u>14,300,014</u>	<u>112,556,222</u>
Total revenues	<u>494,052,694</u>	<u>6,307,790</u>	<u>80,882,119</u>	<u>50,642,174</u>	<u>631,884,777</u>
<b>Expenditures:</b>					
Current:					
Certificated salaries	206,915,587	-	-	9,800,761	216,716,348
Classified salaries	71,234,253	1,208,389	-	9,903,660	82,346,302
Employee benefits	159,516,537	640,739	-	11,915,108	172,072,384
Books and supplies	17,614,255	1,072,859	-	8,701,194	27,388,308
Contract services and operating expenditures	29,893,949	3,300,792	-	2,068,729	35,263,470
Other outgo	489,146	-	-	-	489,146
Capital outlay	1,900,720	125,423,965	-	1,623,641	128,948,326
Debt service:					
Principal retirement	266,089	-	64,778,750	125,050	65,169,889
Interest	<u>39,531</u>	<u>1,604,020</u>	<u>16,643,381</u>	<u>2,514</u>	<u>18,289,446</u>
Total expenditures	<u>487,870,067</u>	<u>133,250,764</u>	<u>81,422,131</u>	<u>44,140,657</u>	<u>746,683,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,182,627</u>	<u>(126,942,974)</u>	<u>(540,012)</u>	<u>6,501,517</u>	<u>(114,798,842)</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,471,842	8,530,014	-	2,245,442	12,247,298
Transfers out	(2,333,791)	(8,753)	-	(9,904,754)	(12,247,298)
Proceeds from issuance of debt	-	230,000,000	-	-	230,000,000
Premiums on issuance of debt	<u>-</u>	<u>782,000</u>	<u>17,480,359</u>	<u>-</u>	<u>18,262,359</u>
Total other financing sources (uses)	<u>(861,949)</u>	<u>239,303,261</u>	<u>17,480,359</u>	<u>(7,659,312)</u>	<u>248,262,359</u>
<b>Special item:</b>					
Transfer to lapsed district	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,855,402)</u>	<u>(27,855,402)</u>
Net change in fund balances	5,320,678	112,360,287	16,940,347	(29,013,197)	105,608,115
Fund balances, July 1, 2018	<u>77,528,401</u>	<u>112,815,823</u>	<u>89,196,587</u>	<u>41,386,008</u>	<u>320,926,819</u>
Fund balances, June 30, 2019	<u>\$ 82,849,079</u>	<u>\$ 225,176,110</u>	<u>\$ 106,136,934</u>	<u>\$ 12,372,811</u>	<u>\$ 426,534,934</u>

See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

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Net change in fund balances - Total Governmental Funds	\$ 105,608,115
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	129,831,068
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(26,232,030)
Proceeds from disposal of capital assets are reported as revenue in the governmental funds and as gain or loss in the statement of activities (Note 4).	(97,373)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	65,169,889
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount (Note 6).	(230,000,000)
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 6).	(15,393,150)
Accreted interest on capital appreciation bonds is recognized in the period it is incurred. In governmental funds it is only recognized when it is due (Note 6).	(3,161,911)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the shorter life of the refunded or refunding debt.	(758,360)
Interest on long-term liabilities is recognized in the period incurred, in governmental funds it is recognized when due.	(91,982)
Activities of the internal service fund are reported with governmental activities.	4,789,505
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9):	(27,088,129)

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

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In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis (Note 10).	\$ (4,487,102)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	<u>142,358</u>
Change in net position of governmental activities	<u><u>\$ (1,769,102)</u></u>

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See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
SELF-INSURANCE FUND  
June 30, 2019

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**ASSETS**

Current assets:

Cash in County Treasury	\$ 35,238,308
Receivables	409,511
Prepaid expenses	985,218
Due from other funds	<u>4,502,308</u>

Total assets	<u>41,135,345</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	153,119
Unearned revenue	898,763
Due to other funds	2,358,241
Current unpaid claims and claim adjustment expenses	<u>2,394,658</u>

Total current liabilities	<u>5,804,781</u>
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Unpaid claims and claim adjustment expenses, less current portion	<u>8,410,774</u>
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Total liabilities	<u>14,215,555</u>
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**NET POSITION**

Restricted for self-insurance activities	<u><u>\$ 26,919,790</u></u>
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See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN NET POSITION -  
PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2019

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Operating revenues:	
Self-insurance premiums	\$ 21,926,383
Other local revenue	<u>10,000</u>
Total operating revenues	<u>21,936,383</u>
Operating expenses:	
Books and supplies	6,405
Contract services	<u>17,859,689</u>
Total operating expenses	<u>17,866,094</u>
Operating income	4,070,289
Non-operating revenue:	
Interest income	<u>719,216</u>
Change in net position	4,789,505
Total net position, July 1, 2018	<u>22,130,285</u>
Total net position, June 30, 2019	<u><u>\$ 26,919,790</u></u>

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See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2019

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Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 20,773,746
Cash received from other state and local sources	10,000
Cash paid for contract services	(17,539,456)
Cash paid for other expenses	<u>(6,405)</u>
Net cash provided by operating activities	3,237,885
Cash flows provided by investing activities:	
Interest income received	<u>719,216</u>
Increase in cash and investments	3,957,101
Cash and investments, July 1, 2018	<u>31,281,207</u>
Cash and investments, June 30, 2019	<u><u>\$ 35,238,308</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 4,070,289</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in:	
Receivables	(187,838)
Amount due from other funds	(3,245,808)
Prepaid expenses	(195,212)
(Decrease) increase in:	
Unearned revenue	(133,520)
Accounts payable	151,525
Amount due to other funds	2,263,004
Unpaid claims and claim adjustment expenses	<u>515,445</u>
Total adjustments	<u>(832,404)</u>
Net cash provided by operating activities	<u><u>\$ 3,237,885</u></u>

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See accompanying notes to financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
June 30, 2019

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	Special Education Pass- Through <u>Fund</u>	Student Body <u>Fund</u>	Total Agency <u>Funds</u>
<b>ASSETS</b>			
Cash and investments (Note 2):			
Cash in County Treasury	\$ -	\$ 2,070,168	\$ 2,070,168
Cash on hand and in banks	-	-	-
Prepaid expenditures	-	-	-
Due from other funds	<u>510,732</u>	<u>-</u>	<u>510,732</u>
Total assets	<u><u>\$ 510,732</u></u>	<u><u>\$ 2,070,168</u></u>	<u><u>\$ 2,580,900</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 510,732	\$ -	\$ 510,732
Due to student groups	<u>-</u>	<u>2,070,168</u>	<u>2,070,168</u>
Total liabilities	<u><u>\$ 510,732</u></u>	<u><u>\$ 2,070,168</u></u>	<u><u>\$ 2,580,900</u></u>

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See accompanying notes to financial statements.



SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**A - Major Funds**

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

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

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

**B - Other Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This includes the Charter Schools, Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds. Effective July 1, 2018 Visions in Education Charter School is no longer included in the Charter Schools Fund of the District as it is now directly funded. Accordingly, \$27,855,402 was transferred out of the Charter Schools Fund during the year ended June 30, 2019, resulting in a reduction to statement of net position, statement of activities and governmental funds fund balance as of the date the transfer occurred.

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

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

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

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

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2019.

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

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

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$109,121,853</u>	<u>\$ 42,378,377</u>	<u>\$151,500,230</u>
Deferred inflows of resources	<u>\$ 28,072,000</u>	<u>\$ 2,765,000</u>	<u>\$ 30,837,000</u>
Net pension liability	<u>\$373,991,000</u>	<u>\$162,464,000</u>	<u>\$536,455,000</u>
Pension expense	<u>\$ 83,885,894</u>	<u>\$ 35,442,171</u>	<u>\$119,328,065</u>

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

Compensated Absences: Compensated absences benefits totaling \$5,170,442 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

Net Position: Net position is displayed in three components:

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

**A - Nonspendable Fund Balance:**

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

**B - Restricted Fund Balance:**

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

**C - Committed Fund Balance:**

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2019, the District had no committed fund balances.

**D - Assigned Fund Balance:**

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2019, no such designation has occurred.

**E - Unassigned Fund Balance:**

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2019, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2019 consisted of the following:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>
Pooled Funds:		
Cash in County Treasury	\$ 254,236,190	\$ 2,070,168
Deposits:		
Cash in revolving fund	208,947	-
Cash on hand and in banks	91,997	-
Cash with Fiscal Agent:		
Restricted for capital projects and debt repayment	201,153,003	-
Cash awaiting deposit	<u>295,824</u>	<u>-</u>
Total	<u>\$ 455,985,961</u>	<u>\$ 2,070,168</u>

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the District's accounts was \$300,944 and the bank balance was \$1,586,788, of which \$1,336,788 was uninsured.

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the District had no significant interest rate risk related to cash and investments held.

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

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2019, the District had no concentration of credit risk.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 3 - INTERFUND TRANSACTIONS**

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2019 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 5,623,852	\$ 5,314,476
Building	17,588	48,178
Non-Major Funds:		
Charter Schools	113,781	115,095
Adult Education	8,206	278
Child Development	50,827	2,186,273
Cafeteria	295,019	1,094,535
Deferred Maintenance	4,165	-
Capital Facilities	-	9,401
County School Facilities	-	1
Self-Insurance Fund	4,502,308	2,358,241
Special Education Pass-Through	<u>510,732</u>	<u>-</u>
Totals	<u>\$ 11,126,478</u>	<u>\$ 11,126,478</u>

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

Transfers for the 2018-19 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for unrecovered delinquent meals.	\$ 155,019
Transfer from the General Fund to the Building Fund for child development custodial charges.	147,735
Transfer from the General Fund to the Building Fund for special education custodial charges.	11,861
Transfer from the General Fund to the Building Fund for custodial charges at re-use sites.	19,176

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(Continued)



SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 3 - INTERFUND TRANSACTIONS (Continued)**

Transfer from the General Fund to the Deferred Maintenance Fund for a pass-through transfer.	\$ 2,000,000
Transfer from the Building Fund to the Cafeteria Fund for return of funds for a completed project.	8,753
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	6,186
Transfer from the Charter Schools Fund to the Building Fund for Choices Charter Facility Lease Payment - Billy Mitchell and Visions In Education Facility Rent - Creekside.	223,091
Transfer from the Adult Education Fund to the General Fund for indirect costs.	63,550
Transfer from the Adult Education Fund to the Building Fund for a re-use site fee for Sunrise Elementary School.	153,952
Transfer from the Child Development Fund to the General Fund for indirect costs.	738,796
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	663,310
Transfer from the Cafeteria Fund to the Building Fund for custodial charges at re-use sites.	21,526
Transfer from the Deferred Maintenance Fund to the Special Reserve for Projects Fund for energy lighting project at Littlejohn Elementary School.	81,670
Transfer from the Capital Facilities Fund to the Building Fund for the VOIP project.	3,500,000
Transfer from the County School Facilities Fund to the Building Fund for Bella Vista High and Trajan Elementary modernization project.	13,263
Transfer from the County School Facilities Fund to the Building Fund for Winterstein Adult Education modernization project.	663,872
Transfer from the Special Reserve for Projects Fund to the Building Fund for a solar project at multiple sites.	<u>3,775,538</u>
	<u><u>\$ 12,247,298</u></u>

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

	Balance July 1, <u>2018</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2019</u>
Non-depreciable:				
Land	\$ 6,350,107	\$ -	\$ -	\$ 6,350,107
Work-in-process	98,400,990	121,499,145	15,586,144	204,313,991
Depreciable:				
Buildings	591,711,406	20,856,327	-	612,567,733
Improvement of sites	80,118,384	1,264,917	-	81,383,301
Equipment	<u>25,889,713</u>	<u>1,796,823</u>	<u>656,297</u>	<u>27,030,239</u>
Totals, at cost	<u>802,470,600</u>	<u>145,417,212</u>	<u>16,242,441</u>	<u>931,645,371</u>
Less accumulated depreciation:				
Buildings	(234,872,818)	(21,341,988)	-	(256,214,806)
Improvement of sites	(22,555,555)	(3,643,275)	-	(26,198,830)
Equipment	<u>(19,220,069)</u>	<u>(1,246,767)</u>	<u>(558,924)</u>	<u>(19,907,912)</u>
Total accumulated depreciation	<u>(276,648,442)</u>	<u>(26,232,030)</u>	<u>(558,924)</u>	<u>(302,321,548)</u>
Governmental activities capital assets, net	<u>\$ 525,822,158</u>	<u>\$ 119,185,182</u>	<u>\$ 15,683,517</u>	<u>\$ 629,323,823</u>

Depreciation expense was charged to governmental activities for the year ended June 30, 2019 as follows:

Instruction	\$ 24,393,565
Home-to-school transportation	761,759
Food services	114,577
Pupil services	12,612
All other general administration	345,831
Data processing	353,820
Plant services	<u>249,866</u>
Total depreciation expense	<u>\$ 26,232,030</u>

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 5 - SELF-INSURANCE**

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

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

The workers' compensation claims liability of \$10,577,768 is based on an actuarial study as of June 30, 2019 discounted at 1.0%. The Dental and Vision claims liabilities of \$205,196 and \$22,468, respectively are calculated based on an incremental lag factor methodology. Changes in the Fund's claims liability for the years ended June 30, 2018 and 2019 were as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>Dental</u>	<u>Vision</u>	<u>Total</u>
Claims liability at July 1, 2017	\$ 9,334,488	\$ 204,583	\$ 22,890	\$ 9,561,961
Incurred claims	3,478,658	4,801,026	382,967	8,662,651
Claim payments	<u>(2,781,309)</u>	<u>(4,771,158)</u>	<u>(382,158)</u>	<u>(7,934,625)</u>
Claims liability at July 1, 2018	10,031,837	234,451	23,699	10,289,987
Incurred claims	4,540,340	4,451,700	400,164	9,392,204
Claim payments	<u>(3,994,409)</u>	<u>(4,480,955)</u>	<u>(401,395)</u>	<u>(8,876,759)</u>
Claims liability at June 30, 2019	<u>\$ 10,577,768</u>	<u>\$ 205,196</u>	<u>\$ 22,468</u>	<u>\$ 10,805,432</u>

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 6 - LONG-TERM LIABILITIES**

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2019 follows:

Series	Interest Rate	Original Maturity	Balance July 1, 2018	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2019
Series 1999	4.38-5.70%	2025	\$ 2,510,198	\$ -	\$ -	\$ 2,510,198
Series 2000	4.375-6.250%	2026	2,047,786	-	-	2,047,786
Series 2001B	4.200-5.125%	2027	22,299,523	-	1,412,506	20,887,017
Series 2003A and 2003B	1.0-5.8%	2029	17,382,268	-	846,244	16,536,024
Series 2004A	5.52-5.53%	2030	1,794,932	-	-	1,794,932
Series 2010	2.25-5.00%	2035	5,250,000	-	1,700,000	3,550,000
Series 2011	0.8-5.5%	2026	7,805,000	-	-	7,805,000
Refunding Series A and B	2.0-5.0%	2029	29,355,000	-	1,955,000	27,400,000
Refunding Series C	2-5%	2028	29,605,000	-	2,335,000	27,270,000
Series 2013	3-5%	2039	42,920,000	-	1,130,000	41,790,000
Series 2014 Refunding	2-5%	2031	39,705,000	-	2,185,000	37,520,000
Series 2014	2-5%	2033	19,185,000	-	605,000	18,580,000
Series B (2014)	1-3%	2028	36,300,000	-	3,135,000	33,165,000
Series 2015	2-5%	2021	14,620,000	-	5,530,000	9,090,000
Election of 2002, 2017	2-3%	2023	23,475,000	-	10,630,000	12,845,000
Election of 2012, 2017	2-4%	2029	70,000,000	-	13,575,000	56,425,000
Election of 2016, 2017	2.0-2.5%	2020	39,920,000	-	19,195,000	20,725,000
Refunding Series 2017	2.000-3.375%	2027	37,485,000	-	545,000	36,940,000
Election of 2012, 2019	3-4%	2032	-	150,000,000	-	150,000,000
Election of 2016, 2019	4.00%	2030	-	80,000,000	-	80,000,000
			<u>\$ 441,659,707</u>	<u>\$ 230,000,000</u>	<u>\$ 64,778,750</u>	<u>\$ 606,880,957</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 60,977,389	\$ 26,218,254	\$ 87,195,643
2021	63,622,926	25,631,306	89,254,232
2022	60,692,077	25,301,778	85,993,855
2023	40,831,997	23,275,258	64,107,255
2024	43,505,170	22,485,910	65,991,080
2025-2029	221,566,794	114,195,726	335,762,520
2030-2034	101,839,604	11,205,649	113,045,253
2035-2039	<u>13,845,000</u>	<u>1,238,755</u>	<u>15,083,755</u>
	<u>\$ 606,880,957</u>	<u>\$ 249,552,636</u>	<u>\$ 856,433,593</u>

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

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

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

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

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

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

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

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

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

In September 2012, the District issued General Obligation Refunding Series C Bonds in the amount of \$36,480,000 to refund a portion of the District's outstanding General Obligation Bonds Series 2004A. The Refunding Series C bonds mature during succeeding years through August 2027. The bonds were issued at an interest rates ranging from 2.0 to 5.0%. \$37,000,000 of the Series 2004A outstanding bonds were refunded. This amount has been removed from long-term liabilities.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

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

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

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

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

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

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

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

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

In December 2018, the District issued General Obligation Bonds Election of 2012, Series 2019 in the amount of \$150,000,000 to finance specific construction, acquisition and modernization projects. The bonds mature during succeeding years through August 2031. The bonds were issued at an interest rates ranging from 3% to 4%.

In December 2018, the District issued General Obligation Bonds Election of 2016, Series 2019 in the amount of \$80,000,000 to finance specific construction, acquisition and modernization projects. The bonds mature during succeeding years through August 2031. The bonds were issued at an interest rate of 4%.

Capitalized Lease Obligations: The District is leasing equipment under long-term lease purchase agreements with capitalized value of \$2,972,768 and accumulated depreciation of \$2,154,754. The following is a summary of future payments on the capital leases:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>
2020	\$ 299,992
2021	299,992
2022	299,992
2023	299,992
2024	<u>149,996</u>
Total payments	1,349,964
Less amount representing interest	<u>(86,481)</u>
Net present value of minimum payments	<u><u>\$ 1,263,483</u></u>

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

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	<u>\$ 126,303</u>	<u>\$ 1,263</u>	<u>\$ 127,566</u>

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 6 - LONG-TERM LIABILITIES (Continued)**

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 441,659,707	\$ 230,000,000	\$ 64,778,750	\$ 606,880,957	\$ 60,977,389
Accreted interest	65,977,006	3,161,911	-	69,138,917	-
Unamortized premium on Issuance of General Obligation Bonds	23,707,474	18,262,359	2,869,209	39,100,624	4,096,267
Capitalized lease obligations	1,529,572	-	266,089	1,263,483	267,793
Qualified Zone Academy Bonds	251,353	-	125,050	126,303	126,303
Total OPEB liability (Note 10)	127,287,799	-	1,864,057	125,423,742	-
Net pension liability (Notes 8 and 9)	505,421,000	31,034,000	-	536,455,000	-
Compensated absences	5,312,800	-	142,358	5,170,442	5,170,442
Totals	<u>\$1,171,146,711</u>	<u>\$ 282,458,270</u>	<u>\$ 70,045,513</u>	<u>\$1,383,559,468</u>	<u>\$ 70,638,194</u>

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

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(Continued)



SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 7 - FUND BALANCES**

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
<b>Nonspendable:</b>					
Revolving cash fund	\$ 205,000	\$ -	\$ -	\$ 3,947	\$ 208,947
Prepaid expenditures	597,287	-	-	26,912	624,199
Stores inventory	<u>20,378</u>	<u>2,333</u>	<u>-</u>	<u>189,103</u>	<u>211,814</u>
Subtotal nonspendable	<u>822,665</u>	<u>2,333</u>	<u>-</u>	<u>219,962</u>	<u>1,044,960</u>
<b>Restricted:</b>					
Legally restricted programs	37,213,233	-	-	9,341,776	46,555,009
Capital projects	-	225,173,777	-	2,811,073	227,984,850
Debt service	<u>-</u>	<u>-</u>	<u>106,136,934</u>	<u>-</u>	<u>106,136,934</u>
Subtotal restricted	<u>37,213,233</u>	<u>225,173,777</u>	<u>106,136,934</u>	<u>12,152,849</u>	<u>380,676,793</u>
<b>Assigned:</b>					
LCFF Supplemental	6,213,454	-	-	-	6,213,454
CTE carryover	500,000	-	-	-	500,000
Strategic Plan	<u>1,012,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012,000</u>
Subtotal assigned	<u>7,725,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,725,454</u>
<b>Unassigned:</b>					
Designated for economic uncertainty	9,400,000	-	-	-	9,400,000
Undesignated	<u>27,687,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,687,727</u>
Subtotal unassigned	<u>37,087,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,087,727</u>
Total fund balances	<u>\$ 82,849,079</u>	<u>\$ 225,176,110</u>	<u>\$ 106,136,934</u>	<u>\$ 12,372,811</u>	<u>\$ 426,534,934</u>

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

*General Information about the State Teachers' Retirement Plan*

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

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

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

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

*CalSTRS 2% at 60*

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

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

*CalSTRS 2% at 62*

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

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

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

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

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-19. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-19.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

*Employers* – 16.28 percent of applicable member earnings.

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-19 through fiscal year 2045-46 are summarized in the table below:

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

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

The District contributed \$33,555,853 to the plan for the fiscal year ended June 30, 2019.

*State* - 9.828 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 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

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

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 373,991,000
State's proportionate share of the net pension liability associated with the District	<u>214,128,000</u>
Total	<u><u>\$ 588,119,000</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District's proportion was 0.407 percent, which was an increase of 0.021 percent from its proportion measured as of June 30, 2017.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

For the year ended June 30, 2019, the District recognized pension expense of \$83,885,894 and revenue of \$38,786,106 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,160,000	\$ 5,432,000
Changes of assumptions	58,100,000	-
Net differences between projected and actual earnings on investments	-	14,401,000
Changes in proportion and differences between District contributions and proportionate share of contributions	16,306,000	8,239,000
Contributions made subsequent to measurement date	<u>33,555,853</u>	<u>-</u>
Total	<u>\$ 109,121,853</u>	<u>\$ 28,072,000</u>

\$33,555,853 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2020	\$ 14,698,683
2021	\$ 9,303,683
2022	\$ (510,815)
2023	\$ 9,202,183
2024	\$ 12,515,433
2025	\$ 2,284,833

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

\* 20-year geometric average

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	<u>\$547,853,000</u>	<u>\$373,991,000</u>	<u>\$229,842,000</u>

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

*General Information about the Public Employer’s Retirement Fund B*

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>.

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

*Members* - The member contribution rate was 6.5 or 7.5 percent of applicable member earnings for fiscal year 2018-19.

*Employers* - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed \$14,173,377 to the plan for the fiscal year ended June 30, 2019.

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(Continued)



SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

At June 30, 2019, the District reported a liability of \$162,464,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2018, the District’s proportion was 0.609 percent, which was a decrease of 0.012 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$35,442,171 and revenue of \$5,724,600 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 10,651,000	\$ -
Changes of assumptions	16,221,000	-
Net differences between projected and actual earnings on investments	1,333,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,765,000
Contributions made subsequent to measurement date	<u>14,173,377</u>	<u>-</u>
Total	<u>\$ 42,378,377</u>	<u>\$ 2,765,000</u>

\$14,173,377 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended  
June 30,

2020	\$ 15,643,500
2021	\$ 11,526,500
2022	\$ (771,000)
2023	\$ (959,000)

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Years 1-10 (1)</u>	<u>Expected Real Rate of Return Years 11+</u>
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate	13	3.75	4.93
Liquidity	1	-	(0.92)

\* 10-year geometric average

(1) An expected inflation rate of 2.00% used for this period

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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

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

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

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	<u>\$ 236,540,000</u>	<u>\$ 162,464,000</u>	<u>\$ 101,007,000</u>

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS**

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

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

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2019:

	<u>Number of Participants</u>	
	<u>District</u>	<u>Charter</u>
Inactive plan members, covered spouses, or beneficiaries currently receiving benefits	547	-
Active employees	<u>4,280</u>	<u>3</u>
	<u>4,827</u>	<u>3</u>

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

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

Contributions to the Plan from the District were \$5,964,429 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

*Total OPEB Liability*

The District's Total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Value of Assets</u>	Market Value
<u>Mortality Rate</u>	California PERS - Non-work related rated developed in 2014 California PERS experience study.
<u>Discount Rate as of June 30, 2018</u>	3.56% based on the Fidelity Municipal Bond AA 20 year maturity yield index.
<u>Retirement Rate</u>	Retirement rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010)
<u>Inflation Rate</u>	2.75% per year
<u>Salary Increases</u>	3.25% per year
<u>Healthcare Trend Rate</u>	5.00% - 7.00% per year

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	<u>\$ 127,287,799</u>
Changes for the year:	
Service cost	7,637,903
Interest	4,697,188
Changes of benefit terms	-
Differences between actual and expected experience	(3,579,711)
Changes in assumptions	(4,655,008)
Benefit payments	(5,964,429)
Administrative expenses	<u>-</u>
Net change	<u>(1,864,057)</u>
Balance, June 30, 2019	<u><u>\$ 125,423,742</u></u>

The changes in assumptions include a change in the discount rate from 3.56% in the prior valuation, to 3.62% in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2019 which had a significant effect on the District's Total OPEB Liability.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

	1% Decrease ( <u>2.62%</u> )	Current Discount Rate ( <u>3.62%</u> )	1% Increase ( <u>4.62%</u> )
Total OPEB liability	<u>\$ 134,738,381</u>	<u>\$ 125,423,742</u>	<u>\$ 113,623,627</u>

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

	1% Decrease ( <u>3-5%</u> )	Healthcare Cost Trend Rates Rate ( <u>5-7%</u> )	1% Increase ( <u>7-9%</u> )
Total OPEB Liability	<u>\$ 108,780,323</u>	<u>\$ 125,423,742</u>	<u>\$ 145,014,018</u>

*OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,864,057. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 21,492	\$ 2,695,182
Changes of assumptions	18,610	8,921,352
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>5,894,336</u>	<u>-</u>
Total	<u>\$ 5,934,438</u>	<u>\$ 11,616,534</u>

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

\$5,934,438 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2020	\$ (1,305,633)
2021	\$ (1,305,633)
2022	\$ (1,305,633)
2023	\$ (1,305,633)
2024	\$ (1,305,633)
Thereafter	\$ (5,048,267)

The effect of changes in assumptions are amortized over a closed period of 10 years as of the June 30, 2018 measurement date.

**NOTE 11 - JOINT POWERS AGREEMENT**

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

The following is a summary of financial information for Schools Insurance Authority at June 30, 2018 (the most recent information available):

Total assets	\$ 156,099,265
Deferred outflows	\$ 2,183,259
Total liabilities	\$ 78,395,474
Deferred inflows	\$ 438,183
Net position	\$ 79,448,867
Total revenues	\$ 64,932,531
Total expenses	\$ 59,366,494

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

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**NOTE 12 - CONTINGENCIES**

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

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

As of June 30, 2019, the District has approximately \$135 million in outstanding commitments on ongoing construction contracts.



## **REQUIRED SUPPLEMENTARY INFORMATION**

SAN JUAN UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2019

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 253,381,565	\$ 247,425,658	\$ 247,425,658	\$ -
Local sources	<u>100,256,352</u>	<u>108,804,337</u>	<u>108,804,337</u>	<u>-</u>
Total Local Control Funding Formula	<u>353,637,917</u>	<u>356,229,995</u>	<u>356,229,995</u>	<u>-</u>
Federal sources	30,745,532	35,794,216	28,436,692	(7,357,524)
Other state sources	57,972,379	97,470,732	97,424,889	(45,843)
Other local sources	<u>6,619,631</u>	<u>12,651,945</u>	<u>11,961,118</u>	<u>(690,827)</u>
Total revenues	<u>448,975,459</u>	<u>502,146,888</u>	<u>494,052,694</u>	<u>(8,094,194)</u>
Expenditures:				
Current:				
Certificated salaries	199,522,853	208,192,616	206,915,587	1,277,029
Classified salaries	69,289,793	72,360,524	71,234,253	1,126,271
Employee benefits	132,337,525	160,793,348	159,516,537	1,276,811
Books and supplies	29,905,968	38,820,897	17,614,255	21,206,642
Contract services and operating expenditures	29,402,745	31,886,181	29,893,949	1,992,232
Other outgo	422,299	324,379	489,146	(164,767)
Capital outlay	240,201	2,218,105	1,900,720	317,385
Debt service:				
Principal retirement	260,733	260,733	266,089	(5,356)
Interest	<u>39,260</u>	<u>39,260</u>	<u>39,531</u>	<u>(271)</u>
Total expenditures	<u>461,421,377</u>	<u>514,896,043</u>	<u>487,870,067</u>	<u>27,025,976</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(12,445,918)</u>	<u>(12,749,155)</u>	<u>6,182,627</u>	<u>18,931,782</u>
Other financing sources (uses):				
Transfers in	-	1,500,006	1,471,842	(28,164)
Transfers out	<u>(706,983)</u>	<u>(2,353,772)</u>	<u>(2,333,791)</u>	<u>19,981</u>
Total other financing sources (uses)	<u>(706,983)</u>	<u>(853,766)</u>	<u>(861,949)</u>	<u>(8,183)</u>
Net change in fund balance	(13,152,901)	(13,602,921)	5,320,678	18,923,599
Fund balance, July 1, 2018	<u>77,528,401</u>	<u>77,528,401</u>	<u>77,528,401</u>	<u>-</u>
Fund balance, June 30, 2019	<u>\$ 64,375,500</u>	<u>\$ 63,925,480</u>	<u>\$ 82,849,079</u>	<u>\$ 18,923,599</u>

See accompanying notes to required supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY  
For the Year Ended June 30, 2019

	Last 10 Fiscal Years	
	<u>2018</u>	<u>2019</u>
<b>District:</b>		
Total OPEB Liability		
Service Cost	\$ 8,222,343	\$ 7,637,903
Interest	3,858,622	4,697,188
Differences between actual and expected experience	-	(3,579,711)
Change in assumptions	(5,883,410)	(4,655,008)
Benefit Payments	<u>(5,664,072)</u>	<u>(5,964,429)</u>
Net change in total OPEB liability	533,483	(1,864,057)
Total OPEB liability - beginning of year	<u>126,754,316</u>	<u>127,287,799</u>
Total OPEB liability - end of year	<u>\$ 127,287,799</u>	<u>\$ 125,423,742</u>
Covered employee payroll	\$ 278,515,266	\$ 287,698,401
Total OPEB liability as a percentage of covered-employee payroll	45%	44%

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

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2019

	State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.385%	0.413%	0.397%	0.386%	0.407%
District's proportionate share of the net pension liability	\$224,874,000	\$277,909,000	\$320,872,000	\$357,172,000	\$373,991,000
State's proportionate share of the net pension liability associated with the District	<u>135,789,000</u>	<u>146,988,000</u>	<u>182,684,000</u>	<u>211,301,000</u>	<u>214,128,000</u>
Total net pension liability	<u>\$360,663,000</u>	<u>\$424,897,000</u>	<u>\$503,556,000</u>	<u>\$568,473,000</u>	<u>\$588,119,000</u>
District's covered payroll	\$171,397,000	\$191,597,000	\$197,714,000	\$204,691,000	\$216,611,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	117.42%	145.05%	162.29%	174.49%	172.66%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

All years prior to 2015 are not available.

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2019

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	Public Employer's Retirement Fund B Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net pension liability	0.644%	0.605%	0.634%	0.621%	0.609%
District's proportionate share of the net pension liability	\$ 73,164,000	\$ 89,144,000	\$125,145,000	\$148,249,000	\$162,464,000
District's covered payroll	\$ 67,654,000	\$ 66,954,000	\$ 76,018,000	\$ 78,847,000	\$ 80,369,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.63%	159.74%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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

All years prior to 2015 are not available.

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See accompanying notes to required supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2019

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	State Teachers' Retirement Plan Last 10 Fiscal Years				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 17,013,776	\$ 21,214,764	\$ 26,349,076	\$ 31,094,788	\$ 33,555,853
Contributions in relation to the contractually required contribution	<u>(17,013,776)</u>	<u>(21,214,764)</u>	<u>(26,349,076)</u>	<u>(31,094,788)</u>	<u>(33,555,853)</u>
District's covered payroll	\$191,597,000	\$197,714,000	\$204,691,000	\$216,611,000	\$206,117,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.35%	16.28%

All years prior to 2015 are not available.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2019

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Public Employer's Retirement Fund B  
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 7,881,146	\$ 9,005,903	\$ 10,950,220	\$ 12,553,571	\$ 14,173,377
Contributions in relation to the contractually required contribution	<u>(7,881,146)</u>	<u>(9,005,903)</u>	<u>(10,950,220)</u>	<u>(12,553,571)</u>	<u>(14,173,377)</u>
District's covered payroll	\$ 66,954,000	\$ 76,018,000	\$ 78,847,000	\$ 80,369,000	\$ 78,471,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.62%	18.06%

All years prior to 2015 are not available.

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See accompanying notes to required supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2019

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**NOTE 1 - PURPOSE OF SCHEDULES**

**A - Budgetary Comparison Schedule**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

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

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

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

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

**D - Schedule of the District's Contributions**

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

**E - Changes of Benefit Terms**

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

**F - Changes of Assumptions**

The discount rate for Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

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

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

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## **SUPPLEMENTARY INFORMATION**

SAN JUAN UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Projects Fund	Total
<b>ASSETS</b>									
Cash in County Treasury	\$ 1,126,561	\$ 391,889	\$ 1,234,145	\$ 756,386	\$ 1,437,294	\$ 1,639,348	\$ 61	\$ 1,129,890	\$ 7,715,574
Cash in revolving fund	-	-	-	3,947	-	-	-	-	3,947
Cash on hand and in banks	-	-	-	91,997	-	-	-	-	91,997
Cash awaiting deposit	-	6,368	2,104	276,441	-	-	-	-	284,913
Receivables	90,563	1,119,337	3,608,792	2,858,794	20,132	22,736	1,016	35,182	7,756,552
Prepaid expenditures	26,912	-	-	-	-	-	-	-	26,912
Due from other funds	113,781	8,206	50,827	295,019	4,165	-	-	-	471,998
Stores inventory	-	-	-	189,103	-	-	-	-	189,103
Total assets	<u>\$ 1,357,817</u>	<u>\$ 1,525,800</u>	<u>\$ 4,895,868</u>	<u>\$ 4,471,687</u>	<u>\$ 1,461,591</u>	<u>\$ 1,662,084</u>	<u>\$ 1,077</u>	<u>\$ 1,165,072</u>	<u>\$ 16,540,996</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 55,023	\$ 42,943	\$ 271,441	\$ 172,022	\$ 79,015	\$ 7,758	\$ -	\$ -	\$ 628,202
Unearned revenue	43,111	-	91,289	-	-	-	-	-	134,400
Due to other funds	<u>115,095</u>	<u>278</u>	<u>2,186,273</u>	<u>1,094,535</u>	<u>-</u>	<u>9,401</u>	<u>1</u>	<u>-</u>	<u>3,405,583</u>
Total liabilities	<u>213,229</u>	<u>43,221</u>	<u>2,549,003</u>	<u>1,266,557</u>	<u>79,015</u>	<u>17,159</u>	<u>1</u>	<u>-</u>	<u>4,168,185</u>
Fund balances:									
Nonspendable	26,912	-	-	193,050	-	-	-	-	219,962
Restricted	<u>1,117,676</u>	<u>1,482,579</u>	<u>2,346,865</u>	<u>3,012,080</u>	<u>1,382,576</u>	<u>1,644,925</u>	<u>1,076</u>	<u>1,165,072</u>	<u>12,152,849</u>
Total fund balances	<u>1,144,588</u>	<u>1,482,579</u>	<u>2,346,865</u>	<u>3,205,130</u>	<u>1,382,576</u>	<u>1,644,925</u>	<u>1,076</u>	<u>1,165,072</u>	<u>12,372,811</u>
Total liabilities and fund balances	<u>\$ 1,357,817</u>	<u>\$ 1,525,800</u>	<u>\$ 4,895,868</u>	<u>\$ 4,471,687</u>	<u>\$ 1,461,591</u>	<u>\$ 1,662,084</u>	<u>\$ 1,077</u>	<u>\$ 1,165,072</u>	<u>\$ 16,540,996</u>

SAN JUAN UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
ALL NON-MAJOR FUNDS  
For the Year Ended June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Projects Fund	Total
Revenues:									
Local Control Funding Formula	\$ 3,179,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,179,847
Federal sources	-	383,318	10,290,461	11,380,710	-	-	-	-	22,054,489
Other state sources	264,500	2,971,776	5,121,737	1,081,805	2,791	570	-	1,664,645	11,107,824
Other local sources	<u>240,659</u>	<u>257,212</u>	<u>6,379,900</u>	<u>4,341,239</u>	<u>35,638</u>	<u>1,871,263</u>	<u>665,001</u>	<u>509,102</u>	<u>14,300,014</u>
Total revenues	<u>3,685,006</u>	<u>3,612,306</u>	<u>21,792,098</u>	<u>16,803,754</u>	<u>38,429</u>	<u>1,871,833</u>	<u>665,001</u>	<u>2,173,747</u>	<u>50,642,174</u>
Expenditures:									
Current:									
Certificated salaries	1,249,233	1,271,521	7,280,007	-	-	-	-	-	9,800,761
Classified salaries	215,575	275,262	4,290,850	5,021,209	35,733	7,867	-	57,164	9,903,660
Employee benefits	800,704	714,281	7,077,582	3,275,696	9,239	4,946	-	32,660	11,915,108
Books and supplies	233,705	130,755	1,487,640	6,719,742	129,026	326	-	-	8,701,194
Contract services and operating expenditures	(244,276)	853,017	453,770	734,170	197,839	66,921	-	7,288	2,068,729
Capital outlay	-	-	-	-	1,362,154	-	-	261,487	1,623,641
Debt service:									
Principal retirement	-	-	-	-	-	125,050	-	-	125,050
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,514</u>	<u>-</u>	<u>-</u>	<u>2,514</u>
Total expenditures	<u>2,254,941</u>	<u>3,244,836</u>	<u>20,589,849</u>	<u>15,750,817</u>	<u>1,733,991</u>	<u>207,624</u>	<u>-</u>	<u>358,599</u>	<u>44,140,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,430,065</u>	<u>367,470</u>	<u>1,202,249</u>	<u>1,052,937</u>	<u>(1,695,562)</u>	<u>1,664,209</u>	<u>665,001</u>	<u>1,815,148</u>	<u>6,501,517</u>
Other financing sources (uses):									
Transfer to lapsed district	(27,855,402)	-	-	-	-	-	-	-	(27,855,402)
Transfers in	-	-	-	163,772	2,000,000	-	-	81,670	2,245,442
Transfers out	<u>(229,277)</u>	<u>(217,502)</u>	<u>(738,796)</u>	<u>(684,836)</u>	<u>(81,670)</u>	<u>(3,500,000)</u>	<u>(677,135)</u>	<u>(3,775,538)</u>	<u>(9,904,754)</u>
Total other financing sources (uses)	<u>(28,084,679)</u>	<u>(217,502)</u>	<u>(738,796)</u>	<u>(521,064)</u>	<u>1,918,330</u>	<u>(3,500,000)</u>	<u>(677,135)</u>	<u>(3,693,868)</u>	<u>(35,514,714)</u>
Net change in fund balances	(26,654,614)	149,968	463,453	531,873	222,768	(1,835,791)	(12,134)	(1,878,720)	(29,013,197)
Fund balances, July 1, 2018	<u>27,799,202</u>	<u>1,332,611</u>	<u>1,883,412</u>	<u>2,673,257</u>	<u>1,159,808</u>	<u>3,480,716</u>	<u>13,210</u>	<u>3,043,792</u>	<u>41,386,008</u>
Fund balances, June 30, 2019	<u>\$ 1,144,588</u>	<u>\$ 1,482,579</u>	<u>\$ 2,346,865</u>	<u>\$ 3,205,130</u>	<u>\$ 1,382,576</u>	<u>\$ 1,644,925</u>	<u>\$ 1,076</u>	<u>\$ 1,165,072</u>	<u>\$ 12,372,811</u>

SAN JUAN UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
BUILDING FUNDS  
June 30, 2019

	Building Fund <u>21</u>	Measure S Building Fund <u>22</u>	Measure J Building Fund <u>23</u>	Measure N Building Fund <u>24</u>	Measure P Building Fund <u>26</u>	Total Building Fund
<b>ASSETS</b>						
Cash and investments:						
Cash in County Treasury	\$ 1,648,028	\$ 236,436	\$ 15,799,838	\$ 21,603,019	10,248,063	\$ 49,535,384
Cash with Fiscal Agent	-	3,460	13,841,905	85,573,499	80,434,290	179,853,154
Receivables	72,005	671	184,659	302,007	170,031	729,373
Prepaid expenditures	-	-	-	2,333	-	2,333
Due from other funds	<u>16,035</u>	<u>-</u>	<u>1,463</u>	<u>5</u>	<u>85</u>	<u>17,588</u>
Total assets	<u>\$ 1,736,068</u>	<u>\$ 240,567</u>	<u>\$ 29,827,865</u>	<u>\$107,480,863</u>	<u>\$ 90,852,469</u>	<u>\$230,137,832</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 69,438	\$ -	\$ 1,062,411	\$ 2,784,466	\$ 997,229	\$ 4,913,544
Due to other funds	<u>46,715</u>	<u>-</u>	<u>-</u>	<u>1,463</u>	<u>-</u>	<u>48,178</u>
Total liabilities	<u>116,153</u>	<u>-</u>	<u>1,062,411</u>	<u>2,785,929</u>	<u>997,229</u>	<u>4,961,722</u>
Fund balances:						
Nonspendable	-	-	-	2,333	-	2,333
Restricted	<u>1,619,915</u>	<u>240,567</u>	<u>28,765,454</u>	<u>104,692,601</u>	<u>89,855,240</u>	<u>225,173,777</u>
Total fund balances	<u>1,619,915</u>	<u>240,567</u>	<u>28,765,454</u>	<u>104,694,934</u>	<u>89,855,240</u>	<u>225,176,110</u>
Total liabilities and fund balances	<u>\$ 1,736,068</u>	<u>\$ 240,567</u>	<u>\$ 29,827,865</u>	<u>\$107,480,863</u>	<u>\$ 90,852,469</u>	<u>\$230,137,832</u>

SAN JUAN UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUILDING FUND  
For the Year Ended June 30, 2019

	Building Fund <u>21</u>	Measure S Building Fund <u>22</u>	Measure J Building Fund <u>23</u>	Measure N Building Fund <u>24</u>	Measure P Building Fund <u>26</u>	Total Building Fund
Revenues:						
Other state sources	\$ 85,915	\$ -	\$ -	\$ -	\$ -	\$ 85,915
Other local sources	<u>2,026,699</u>	<u>2,265</u>	<u>1,369,194</u>	<u>1,492,070</u>	<u>1,331,647</u>	<u>6,221,875</u>
Total revenues	<u>2,112,614</u>	<u>2,265</u>	<u>1,369,194</u>	<u>1,492,070</u>	<u>1,331,647</u>	<u>6,307,790</u>
Expenditures:						
Current:						
Classified salaries	78,918	-	76,295	746,144	307,032	1,208,389
Employee benefits	111,060	-	31,766	346,505	151,408	640,739
Books and supplies	165,917	-	6	41,283	865,653	1,072,859
Contract services and operating expenditures	1,682,651	(206,866)	256,041	1,016,358	552,608	3,300,792
Capital outlay	449,786	-	12,411,408	85,767,154	26,795,617	125,423,965
Debt service:						
Interest	<u>-</u>	<u>850</u>	<u>206,908</u>	<u>1,344,267</u>	<u>51,995</u>	<u>1,604,020</u>
Total expenditures	<u>2,488,332</u>	<u>(206,016)</u>	<u>12,982,424</u>	<u>89,261,711</u>	<u>28,724,313</u>	<u>133,250,764</u>
Deficiency of revenues under expenditures	<u>(375,718)</u>	<u>208,281</u>	<u>(11,613,230)</u>	<u>(87,769,641)</u>	<u>(27,392,666)</u>	<u>126,942,974)</u>
Other financing sources (uses):						
Transfers in	273,374	-	4,210,342	3,078,459	967,839	8,530,014
Transfers out	(8,753)	-	-	-	-	(8,753)
Proceeds from issuance of debt	-	-	-	150,000,000	80,000,000	230,000,000
Premiums on issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,000</u>	<u>272,000</u>	<u>782,000</u>
Total other financing sources (uses)	<u>264,621</u>	<u>-</u>	<u>4,210,342</u>	<u>153,588,459</u>	<u>81,239,839</u>	<u>239,303,261</u>
Net change in fund balances	(111,097)	208,281	(7,402,888)	65,818,818	53,847,173	112,360,287
Fund balances, July 1, 2018	<u>1,731,012</u>	<u>32,286</u>	<u>36,168,342</u>	<u>38,876,116</u>	<u>36,008,067</u>	<u>112,815,823</u>
Fund balances, June 30, 2019	<u>\$ 1,619,915</u>	<u>\$ 240,567</u>	<u>\$ 28,765,454</u>	<u>\$104,694,934</u>	<u>\$ 89,855,240</u>	<u>\$225,176,110</u>

SAN JUAN UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND - STUDENT BODY FUND  
 For the Year Ended June 30, 2019

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
<u>Elementary Schools</u>				
Assets:				
Cash in County Treasury	\$ 315,648	\$ 900,649	\$ 858,376	\$ 357,921
Prepaid expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 315,648</u>	<u>\$ 900,649</u>	<u>\$ 858,376</u>	<u>\$ 357,921</u>
Liabilities:				
Due to student groups	<u>\$ 315,648</u>	<u>\$ 900,649</u>	<u>\$ 858,376</u>	<u>\$ 357,921</u>
<u>Middle Schools</u>				
Assets:				
Cash in County Treasury	\$ 345,835	\$ 1,320,701	\$ 1,338,733	\$ 327,803
Prepaid expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 345,835</u>	<u>\$ 1,320,701</u>	<u>\$ 1,338,733</u>	<u>\$ 327,803</u>
Liabilities:				
Due to student groups	<u>\$ 345,835</u>	<u>\$ 1,320,701</u>	<u>\$ 1,338,733</u>	<u>\$ 327,803</u>
<u>Special Programs</u>				
Assets:				
Cash in County Treasury	\$ 28,740	\$ 8,737	\$ 8,853	\$ 28,624
Prepaid expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 28,740</u>	<u>\$ 8,737</u>	<u>\$ 8,853</u>	<u>\$ 28,624</u>
Liabilities:				
Due to student groups	<u>\$ 28,740</u>	<u>\$ 8,737</u>	<u>\$ 8,853</u>	<u>\$ 28,624</u>

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND - STUDENT BODY FUND  
 For the Year Ended June 30, 2019

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	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
<u>High Schools</u>				
Assets:				
Cash in County Treasury	\$ 1,312,874	\$ 4,767,608	\$ 4,724,662	\$ 1,355,820
Prepaid expenditures	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total assets	<u>\$ 1,312,974</u>	<u>\$ 4,767,608</u>	<u>\$ 4,724,762</u>	<u>\$ 1,355,820</u>
Liabilities:				
Due to student groups	<u>\$ 1,312,974</u>	<u>\$ 4,767,608</u>	<u>\$ 4,724,762</u>	<u>\$ 1,355,820</u>
<u>Total - Agency Fund - Student Body Fund</u>				
Assets:				
Cash in County Treasury	\$ 2,003,097	\$ 6,997,695	\$ 6,930,624	\$ 2,070,168
Prepaid expenditures	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total assets	<u>\$ 2,003,197</u>	<u>\$ 6,997,695</u>	<u>\$ 6,930,724</u>	<u>\$ 2,070,168</u>
Liabilities:				
Due to student groups	<u>\$ 2,003,197</u>	<u>\$ 6,997,695</u>	<u>\$ 6,930,724</u>	<u>\$ 2,070,168</u>

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SAN JUAN UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2019

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San Juan Unified School District, a political subdivision of the State of California, was established on July 1, 1960. San Juan Unified School District operates 2 preschool centers, 33 elementary schools, 8 K-8 grade schools, 8 middle schools, 9 high schools, 3 alternative learning centers, 2 adult education schools, 3 special education schools and 1 charter school. All of the District's schools are located in Sacramento County. There have been no changes in the District's boundaries as of June 30, 2019.

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Pam Costa	President	December 2020
Paula Villescaz	Vice President	December 2020
Michael McKibbin, Ed.D	Clerk	December 2022
Zima Creason	Member	December 2022
Saul Hernandez	Member	December 2020

ADMINISTRATION

Kent Kern  
Superintendent of Schools

Kent Stephens  
Deputy Superintendent

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

Paul Oropallo  
Assistant Superintendent, Human Resources

Melissa Bassanelli  
Assistant Superintendent, Elementary Education

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

Rick Messer  
Assistant Superintendent, Secondary Education

Jim Shoemake  
Assistant Superintendent, Schools and Labor Relations

Frank Camarda  
Assistant Superintendent, Operations, Facilities and Transportation

Trent Allen, APR  
Senior Director, Community Relations

Donna O'Neil, Ed.D  
Senior Director, Program Development and Accountability

Peter Skibitzki  
Senior Director, Technology



SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2019

	Second Period <u>Report</u>	Annual <u>Report</u>
<b>DISTRICT</b>		
Certificate number	86851388	B88B538E
Elementary:		
Transitional Kindergarten through Third	11,370	11,346
Fourth through Sixth	8,551	8,520
Seventh and Eighth	<u>5,937</u>	<u>5,900</u>
Subtotal Elementary	<u>25,858</u>	<u>25,766</u>
Secondary:		
Ninth through Twelfth	11,836	11,635
District Totals	<u><u>37,694</u></u>	<u><u>37,401</u></u>
<b>CHARTER SCHOOLS</b>		
Certificate number	E0AB468B	OE4BDE50
Choices (Nonclassroom-Based):		
Fourth through Sixth	12	14
Seventh through Eighth	69	70
Ninth through Twelfth	<u>207</u>	<u>209</u>
Charter School Totals	<u><u>288</u></u>	<u><u>293</u></u>

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2019

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<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>DISTRICT</u>				
Kindergarten	36,000	36,000	180	In compliance
Grade 1	50,400	53,085	180	In compliance
Grade 2	50,400	53,085	180	In compliance
Grade 3	50,400	52,090	180	In compliance
Grade 4	54,000	54,000	180	In compliance
Grade 5	54,000	54,000	180	In compliance
Grade 6	54,000	54,240	180	In compliance
Grade 7	54,000	54,240	180	In compliance
Grade 8	54,000	54,240	180	In compliance
Grade 9	64,800	64,922	180	In compliance
Grade 10	64,800	64,922	180	In compliance
Grade 11	64,800	64,922	180	In compliance
Grade 12	64,800	64,922	180	In compliance

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See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2019

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend itures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Vocational Programs:		
84.048	Vocational Programs: Vocational & Applied Technology Secondary II C, Section 131 (Carl Perkins Act)	14894	\$ 375,714
84.048	Vocational Programs: Postsecondary and Adult IIC, Section 132 (Carl Perkins Act)	14893	<u>6,076</u>
	Subtotal Vocational Programs		<u>381,790</u>
	Special Education IDEA Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	7,910,389
84.027A	Special Education: IDEA Preschool Local Entitlement, Part B, Section 611	13682	218,814
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Early Intervening Services	10119	1,278,481
84.027	Special Education: IDEA Local Assistance, Part B, Section 611, Private School ISPs	10115	66,649
84.027	Special Education: IDEA Mental Health ADA, Part B, Section 611	15197	520,584
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619 (Ages 3-4-5)	13430	352,576
84.173	Special Education: IDEA Part B, Section 619, Preschool Grants Early Intervening Services	10131	74,224
84.027	Special Education: IDEA Part B, Section 611, Preschool Local Entitlement Early Intervening Services (17-18)	10132	241,663
84.173A	Special Education: Alternative Dispute Resolution Part B, Section 611	13007	<u>15,633</u>
	Subtotal Special Education IDEA Cluster		<u>10,679,013</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	237,300
84.002	Adult Education: Adult Secondary Education	13978	90,200
84.002A	Adult Education: English Literacy & Civics Education	14109	<u>49,742</u>
	Subtotal Adult Education Programs		<u>377,242</u>

(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2019

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California</u>			
<u>Department of Education (Continued)</u>			
	ESEA Title III Programs:		
84.365	ESEA: Title III, Immigrant Ed Program	15146	\$ 288,961
84.365	ESEA: Title III, Limited English Proficiency	14346	<u>640,315</u>
	Subtotal ESEA Title III Programs		<u>929,276</u>
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	12,978,428
84.181	Special Education: IDEA Early Intervention Grants, Part C	23761	162,284
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	79,239
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	380,587
84.060	Indian Education	10011	37,557
84.367	ESEA: Title II, Part A, Teacher Quality	14341	1,403,600
84.196	ESEA: Title X, McKinney-Vento Homeless Children Assistance Grants	14332	<u>195,747</u>
	Total U.S. Department of Education		<u>27,604,763</u>
<u>U.S. Department of Health and Human Services - Passed through</u>			
<u>California Department of Education</u>			
93.600	Head Start	10016	7,615,458
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	1,096,702
93.596	Child Development: Federal General and State Preschool, Family Child Care - CCDF Cluster	13609	<u>2,051,055</u>
	Total U.S. Department of Health and Human Services		<u>10,763,215</u>
<u>U.S. Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13396	11,380,710
10.558	Child and Adult Care Food Program	13393	<u>658,796</u>
	Total U.S. Department of Agriculture		<u>12,039,506</u>
	Total Federal Programs		<u>\$ 50,407,484</u>

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2019

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	Bond Interest and Redemption <u>Fund</u>
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2019	\$ 88,656,575
Adjustment to record a portion of the premium related to issuance of the Election of 2012, Series 2019 and Election of 2016, Series 2019 General Obligations bonds in the Bond Interest and Redemption Fund.	<u>17,480,359</u>
Audited Ending Fund Balances, June 30, 2019	<u><u>\$106,136,934</u></u>

	Building <u>Fund</u>
Unaudited Actual Financial Statements Ending Fund Balances June 30, 2019	\$242,656,469
Adjustment to record a portion of the premium related to issuance of the Election of 2012, Series 2019 and Election of 2016, Series 2019 General Obligations bonds to the Bond Interest and Redemption Fund.	<u>(17,480,359)</u>
Audited Ending Fund Balances, June 30, 2019	<u><u>\$225,176,110</u></u>

There were no adjustments proposed to any other fund of the District.

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See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2019  
(UNAUDITED)

	(Budgeted) <u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>General Fund</u>				
Revenues and other financing sources	<u>\$480,973,351</u>	<u>\$495,524,536</u>	<u>\$437,544,295</u>	<u>\$427,304,123</u>
Expenditures	491,005,388	487,870,067	440,360,826	424,639,105
Other uses and transfers out	<u>2,228,475</u>	<u>2,333,791</u>	<u>2,224,570</u>	<u>3,077,938</u>
Total outgo	<u>493,233,863</u>	<u>490,203,858</u>	<u>442,585,396</u>	<u>427,717,043</u>
Change in fund balance	<u>\$ (12,260,512)</u>	<u>\$ 5,320,678</u>	<u>\$ (5,041,101)</u>	<u>\$ (412,920)</u>
Ending fund balance	<u>\$ 70,588,567</u>	<u>\$ 82,849,079</u>	<u>\$ 77,528,401</u>	<u>\$ 82,569,502</u>
Restricted fund balance	<u>\$ 25,723,946</u>	<u>\$ 37,213,233</u>	<u>\$ 31,337,236</u>	<u>\$ 36,405,041</u>
Assigned fund balance	<u>\$ 3,368,812</u>	<u>\$ 7,725,454</u>	<u>\$ 9,045,779</u>	<u>\$ 9,506,152</u>
Available reserves	<u>\$ 40,995,809</u>	<u>\$ 37,087,727</u>	<u>\$ 36,043,324</u>	<u>\$ 35,532,175</u>
Designated for economic uncertainties	<u>\$ 9,900,000</u>	<u>\$ 9,400,000</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>
Undesignated fund balance	<u>\$ 31,095,809</u>	<u>\$ 27,687,727</u>	<u>\$ 27,043,324</u>	<u>\$ 26,532,175</u>
Available reserves as percentages of total outgo	<u>8.31%</u>	<u>7.57%</u>	<u>8.14%</u>	<u>8.31%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$1,312,921,274</u>	<u>\$1,383,559,468</u>	<u>\$1,171,146,711</u>	<u>\$1,046,776,115</u>
Average daily attendance at P-2 excluding charters	<u>37,727</u>	<u>37,694</u>	<u>37,666</u>	<u>37,672</u>

The General Fund fund balance has decreased by \$133,343 over the past three years. The fiscal year 2019-2020 budget projects a decrease of \$12,260,512. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2019, the District has met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates an operating deficit in fiscal year 2019-2020.

Total long-term liabilities have increased by \$336,783,353 over the past two years.

Average daily attendance has increased by 22 over the past two years. An increase of 33 ADA (excluding charter) is projected for the 2019-2020 fiscal year.

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2019

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

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See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE  
IN FUND BALANCE - BUDGET AND ACTUAL - RESTRICTED AND UNRESTRICTED  
GENERAL FUND  
For the Year Ended June 30, 2019

	Restricted			Unrestricted			Total		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Local control funding formula:									
State apportionment	\$ -	\$ -	\$ -	\$ 247,425,658	\$ 247,425,658	\$ -	\$ 247,425,658	\$ 247,425,658	\$ -
Local sources	-	-	-	108,804,337	108,804,337	-	108,804,337	108,804,337	-
Total LCFF	-	-	-	356,229,995	356,229,995	-	356,229,995	356,229,995	-
Federal sources	35,794,216	28,436,692	(7,357,524)	-	-	-	35,794,216	28,436,692	(7,357,524)
Other state sources	82,342,598	82,307,370	(35,228)	15,128,134	15,117,519	(10,615)	97,470,732	97,424,889	(45,843)
Other local sources	8,165,483	7,688,054	(477,429)	4,486,462	4,273,064	(213,398)	12,651,945	11,961,118	(690,827)
Total revenues	126,302,297	118,432,116	(7,870,181)	375,844,591	375,620,578	(224,013)	502,146,888	494,052,694	(8,094,194)
Expenditures									
Current:									
Certificated salaries	42,357,048	41,295,324	1,061,724	165,835,568	165,620,263	215,305	208,192,616	206,915,587	1,277,029
Classified salaries	29,279,655	28,231,142	1,048,513	43,080,869	43,003,111	77,758	72,360,524	71,234,253	1,126,271
Employee benefits	72,150,328	71,073,518	1,076,810	88,643,020	88,443,019	200,001	160,793,348	159,516,537	1,276,811
Books and supplies	31,061,855	10,894,220	20,167,635	7,759,042	6,720,035	1,039,007	38,820,897	17,614,255	21,206,642
Contract services and operating expenditures	11,645,961	11,554,168	91,793	20,240,220	18,339,781	1,900,439	31,886,181	29,893,949	1,992,232
Other outgo	4,912,386	4,780,165	132,221	(4,588,007)	(4,291,019)	(296,988)	324,379	489,146	(164,767)
Capital outlay	1,739,426	1,422,311	317,115	478,679	478,409	270	2,218,105	1,900,720	317,385
Debt service:									
Principal retirement	-	5,356	(5,356)	260,733	260,733	-	260,733	266,089	(5,356)
Interest	-	281	(281)	39,260	39,250	10	39,260	39,531	(271)
Total expenditures	193,146,659	169,256,485	23,890,174	321,749,384	318,613,582	3,135,802	514,896,043	487,870,067	27,025,976
(Deficiency) excess of revenues (under) over expenditures	(66,844,362)	(50,824,369)	16,019,993	54,095,207	57,006,996	2,911,789	(12,749,155)	6,182,627	18,931,782
Other financing sources (uses):									
Transfers in	-	-	-	1,500,006	1,471,842	(28,164)	1,500,006	1,471,842	(28,164)
Transfers out	(2,006,615)	(2,006,615)	-	(347,157)	(327,176)	19,981	(2,353,772)	(2,333,791)	19,981
Contributions from unrestricted	58,555,929	58,555,926	(3)	(58,555,929)	(58,555,926)	(3)	-	-	-
Total other financing sources (uses)	56,549,314	56,549,311	(3)	(57,403,080)	(57,411,260)	(8,186)	(853,766)	(861,949)	(8,183)
Net change in fund balance	(10,295,048)	5,724,942	16,019,990	(3,307,873)	(404,264)	2,903,603	(13,602,921)	5,320,678	18,923,599
Fund balance, July 1, 2018	31,978,202	31,978,202	-	45,550,199	45,550,199	-	77,528,401	77,528,401	-
Fund balance, June 30, 2019	\$ 21,683,154	\$ 37,703,144	\$ 16,019,990	\$ 42,242,326	\$ 45,145,935	\$ 2,903,603	\$ 63,925,480	\$ 82,849,079	\$ 18,923,599

See accompanying notes to supplementary information.



SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FIRST 5 REVENUES AND EXPENSES  
For the Year Ended June 30, 2019

	<u>First 5/ School Readiness</u>	<u>All Other Programs</u>	<u>Total Child Development Fund</u>
Revenues			
Federal sources	\$ -	\$10,290,461	\$10,290,461
Other state sources	-	5,121,737	5,121,737
Other local sources	<u>393,212</u>	<u>5,986,688</u>	<u>6,379,900</u>
Total Revenues	<u>393,212</u>	<u>21,398,886</u>	<u>21,792,098</u>
Expenditures:			
Current:			
Certificated salaries	62,625	7,217,382	7,280,007
Classified salaries	146,338	4,144,512	4,290,850
Employee benefits	99,974	6,977,608	7,077,582
Books and supplies	49,358	1,438,282	1,487,640
Contract services and operating expenditures	<u>34,917</u>	<u>418,853</u>	<u>453,770</u>
Total expenditures	<u>393,212</u>	<u>20,196,637</u>	<u>20,589,849</u>
Excess of revenues over expenditures	<u>-</u>	<u>1,202,249</u>	<u>1,202,249</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(738,796)</u>	<u>(738,796)</u>
Net change in fund balances	-	463,453	463,453
Fund balances, July 1, 2018	<u>-</u>	<u>1,883,412</u>	<u>1,883,412</u>
Fund balances, July 1, 2019	<u>\$ -</u>	<u>\$ 2,346,865</u>	<u>\$ 2,346,865</u>

See accompanying notes to supplementary information.

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2019

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**NOTE 1 - PURPOSE OF SCHEDULES**

**A - Schedule of Average Daily Attendance**

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

**B - Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

**C - Schedule of Expenditure of Federal Awards**

The Schedule of Expenditure of Federal Awards includes the federal award activity of San Juan Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2019.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 50,491,181
Medi-Cal Billing Option - Medicaid Cluster received in excess of expenditures	93.778	(118,545)
Child and Adult Care Food Program	10.558	<u>34,848</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 50,407,484</u>

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

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

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2018

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**NOTE 1 - PURPOSE OF SCHEDULES** (Continued)

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

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2019-2020 fiscal year, as required by the State Controller's Office. The information on this schedule has been derived from audited information.

F - Schedule of Charter Schools

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

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

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

H - Schedule of First 5 Revenues and Expenses

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

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2019, the District did not adopt such a program.

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

Audit Committee  
San Juan Unified School District  
Carmichael, California

### Report on Compliance with State Laws and Regulations

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the State of California's *2018-19 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2019.

<u>Description</u>	<u>Procedures Performed</u>
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	No, see below
Nonclassroom Based Instruction/Independent Study, for charter schools	Yes
Determination of Funding for Nonclassroom Based Instruction, for charter schools	Yes
Annual Instructional Minutes Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

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

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

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

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

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

The District did not elect to operate as a District of Choice, therefore, we did not perform any procedures related to District of Choice.

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

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

The District does not operate a classroom-based Charter School; therefore, we did not perform any procedures relating to Mode of Instruction, for charter schools or Annual Instructional Minutes - Classroom-Based, for charter schools.

The District did not receive Charter School Facility Grant funding in the current year; therefore, we did not perform any procedures relating to the Charter School Facility Grant.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on San Juan Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on San Juan Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about San Juan Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of San Juan Unified School District's compliance.

### ***Opinion on Compliance with State Laws and Regulations***

In our opinion, San Juan Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2019.

### **Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

Sacramento, California  
December 6, 2019

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

Audit Committee  
San Juan Unified School District  
Carmichael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Juan Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise San Juan Unified School District's basic financial statements, and have issued our report thereon dated December 6, 2019.

#### Internal Control Over Financial Reporting

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

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

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

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(Continued)

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Juan Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Crowe LLP*

Crowe LLP

Sacramento, California  
December 6, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE FIRST 5  
SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Audit Committee  
San Juan Unified School District  
Carmichael, California

**Report on Compliance**

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2019.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to the First 5 Sacramento County Program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for San Juan Unified School District's First 5 Sacramento County Program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about San Juan Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on San Juan Unified School District's compliance.

***Opinion on First 5 Sacramento County Program***

In our opinion, San Juan Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2019.

## ***Report on Internal Control Over Compliance***

Management of San Juan Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Juan Unified School District's internal control over compliance with requirements that could have a direct and material effect on its First 5 Sacramento County Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the First 5 Sacramento County Program and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Juan Unified School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the First 5 Sacramento County Program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the First 5 Sacramento County Program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the First 5 Sacramento County Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of First 5 Sacramento County Program Guidelines. Accordingly, this report is not suitable for any other purpose.

*Crowe LLP*

Crowe LLP

Sacramento, California  
December 6, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE

Audit Committee  
San Juan Unified School District  
Carmichael, California

**Report on Compliance for Each Major Federal Program**

We have audited San Juan Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of San Juan Unified School District's major federal programs for the year ended June 30, 2019. San Juan Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, San Juan Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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(Continued)

## ***Report on Internal Control Over Compliance***

Management of San Juan Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered San Juan Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of San Juan Unified School District's internal control over compliance.

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

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

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

*Crowe LLP*

Crowe LLP

Sacramento, California  
December 6, 2019

## **FINDINGS AND RECOMMENDATIONS**

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u>  X  </u> None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	Child Nutrition: School Programs - Child Nutrition Cluster
93.596	Child Development: Federal General and State Preschool, Family Child Care - CCDF Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,512,225

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**STATE AWARDS**

Type of auditor's report issued on compliance for state programs: Unmodified

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)



SAN JUAN UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2019

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR**  
**FINDINGS AND RECOMMENDATIONS**

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2019

---

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<b>2018-001</b>	Implemented.	
<u>Condition</u>		
Pershing Elementary School:		
<ul style="list-style-type: none"><li>• The secretary does not maintain a record of receipts books issued to different teachers.</li></ul>		
Rio Americano High School:		
<ul style="list-style-type: none"><li>• There is no inventory count of student store inventories.</li><li>• Revenue-producing activities are not consistently approved prior to the activity taking place.</li><li>• The secretary does not maintain a record of receipt books issued to various clubs.</li></ul>		
Carnegie Middle School:		
<ul style="list-style-type: none"><li>• Revenue-producing activities are not consistently approved prior to the activity taking place.</li><li>• Student council does not consistently document in meeting minutes approval of purchases</li></ul>		
<u>Recommendation:</u> School sites should implement the proper control procedures in order to protect ASB funds from misappropriation.		
<b>2018-002</b>	Implemented.	
<u>Condition</u>		
At Trajan Elementary School one student was improperly included for a total misstatement of 1 day.		
At Dyer-Kelley Elementary School one student was improperly included for a total misstatement of 1 day.		
<u>Recommendation:</u> The District should ensure attendance records are accurately recorded.		

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(Continued)

SAN JUAN UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2019

---

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<b>2018-003</b>	Implemented.	
<u>Condition:</u> Out of the 13 students selected for FRPM testing, 1 student listed on the 1.17 Report as FRPM-eligible, District could not provide documentation to support the classification of FRPM-eligible.		
<u>Recommendation:</u> The District should ensure that all appropriate documentation is retained and updated for all FRPM students included in the CalPADS 1.17 reports.		

## APPENDIX D

### PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

[Closing Date]

Board of Education  
San Juan Unified School District  
Carmichael, California

San Juan Unified School District  
(Sacramento County, California)

General Obligation Bonds,  
Election of 2012, Series 2020

General Obligation Bonds,  
Election of 2016, Series 2020

---

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Juan Unified School District (the “District”), which is located in the County of Sacramento, California (the “County”), in connection with the issuance by the District of \$30,000,000 aggregate principal amount of bonds designated as “San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2020” (the “2012 Bonds”), and \$150,000,000 aggregate principal amount of bonds designated as “San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2020” (the “2016 Bonds” and, together with the 2012 Bonds, the “Bonds”). The Bonds are authorized by a resolution adopted by the Board of Education of the District on September 8, 2020 (the “District Resolution”). The Bonds are issued pursuant to a Paying Agent Agreement dated as of October 1, 2020 (the “Paying Agent Agreement”) between the District and the County (the “Paying Agent”). The Board of Supervisors of the County authorized the District to issue and sell the Bonds on its own behalf by a resolution adopted on October 6, 2020 (the “County Resolution”). Capitalized terms used but not defined herein have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the County Resolution, the Paying Agent Agreement, the tax certificate of the District dated the date hereof (the “Tax Certificate”) relating to the Bonds, other than those 2012 Bonds maturing on January 1, 2021 and bearing a coupon of 0.250% and those 2016 Bonds maturing on January 1, 2021 and bearing a coupon of 0.250% (after such exclusion, the “Tax-Exempt Bonds”), certificates of the District, the County and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on 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 original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the

District Resolution, the County Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding obligations of the District.
2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
4. Interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of California personal income taxes. We express 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.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

[Closing Date]

Board of Education  
San Juan Unified School District  
Carmichael, California

San Juan Unified School District  
(Sacramento County, California)  
2020 General Obligation Refunding Bonds (Federally Taxable)  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the San Juan Unified School District (the “District”), which is located in the County of Sacramento, California (the “County”), in connection with the issuance by the District of \$143,090,000 aggregate principal amount of bonds designated as “San Juan Unified School District 2020 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 September 8, 2020 (the “District Resolution”). The Bonds are issued pursuant to a Paying Agent Agreement dated as of October 1, 2020 (the “Paying Agent Agreement”) between the District and the County (the “Paying Agent”). Capitalized terms used but not defined herein have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the Paying Agent Agreement, certificates of the District, the County and others, and such other documents and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on 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 original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the District Resolution and the Paying Agent Agreement. We call attention to the fact that the rights and obligations under the Bonds, the District Resolution and the Paying Agent Agreement 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 or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the District Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding obligations of the District.
2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the District.
3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
4. Interest on the Bonds is 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



## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the “Disclosure Certificate”), dated as of October 29, 2020, is executed and delivered by the San Juan Unified School District (the “District”) in connection with the issuance of \$30,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2012, Series 2020, \$150,000,000 aggregate principal amount of San Juan Unified School District General Obligation Bonds, Election of 2016, Series 2020 and \$143,090,000 aggregate principal amount of San Juan Unified School District 2020 General Obligation Refunding Bonds (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to resolutions (collectively, the “District Resolution”) each adopted by the Board of Education of the District on September 8, 2020, and in accordance with the terms of Paying Agent Agreements, each dated as of October 1, 2020 (the “Paying Agent Agreement”), by and between the District and the County of Sacramento, as paying agent (the “Paying Agent”). The District covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Paying Agent Agreements, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“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 October 15, 2020 relating to the Bonds.

“Participating Underwriter” shall mean any of the underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2020, provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(b) The District's approved annual budget for the then-current fiscal year; and

(c) Assessed value of taxable property in the District as shown on the most recent equalized assessment role.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5.     Reporting of Significant Events.

(a)     The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of the event:

1.       Principal and interest payment delinquencies;
2.       Unscheduled draws on debt service reserves reflecting financial difficulties;
3.       Unscheduled draws on credit enhancements reflecting financial difficulties;
4.       Substitution of credit or liquidity providers, or their failure to perform;
5.       Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6.       Tender offers;
7.       Defeasances;
8.       Rating changes;
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, if any;
5.       Non-payment related defaults;
6.       The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

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 subsections 5(a)(7) or 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

(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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: October 29, 2020

SAN JUAN UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
Deputy Superintendent

**EXHIBIT A**

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: SAN JUAN UNIFIED SCHOOL DISTRICT

Name of Bond Issue: SAN JUAN UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2012, SERIES 2020

SAN JUAN UNIFIED SCHOOL DISTRICT  
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2020

SAN JUAN UNIFIED SCHOOL DISTRICT  
2020 GENERAL OBLIGATION REFUNDING BONDS (FEDERALLY  
TAXABLE)

Date of Issuance: October 29, 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 3 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

SAN JUAN UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_ [to be signed only if filed]

## **APPENDIX F**

### **COUNTY OF SACRAMENTO INVESTMENT POLICIES AND PRACTICES AND INVESTMENT POOL QUARTERLY REPORT**

*The following information has been furnished by the Director of Finance, County of Sacramento. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, 700 H. Street, Room 3650, Sacramento, California 95814.*

The Board of Supervisors (the “Board”) of the County last adopted an investment policy (the “County Investment Policy”) in December 2019. State law requires the Board to approve any changes to the investment policy.

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# **SACRAMENTO COUNTY**

## **Annual Investment Policy of the Pooled Investment Fund**

### **CALENDAR YEAR 2020**

*Approved by the  
Sacramento County Board of Supervisors*

December 17, 2019  
Resolution No. 2019-0856

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**SACRAMENTO COUNTY**

**Annual Investment Policy  
of the Pooled Investment Fund**

**CALENDAR YEAR 2020**

**I. Authority**

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

**II. Policy Statement**

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

**III. Standard of Care**

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

**IV. Investment Objectives**

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

**A. Safety of Principal**

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

**B. Liquidity**

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

**C. Public Trust**

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

**D. Maximum Rate of Return**

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

**V. Pooled Investment Fund Investors**

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

**VI. Implementation**

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

## VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of bank deposits, money market mutual funds, and LAIF, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

### **VIII. Sacramento County Treasury Oversight Committee**

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

## **IX. Investment Parameters**

### **A. Investable Funds**

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds with maturities beyond one year. These securities will be referred to as the Core Portfolio.

**B. Authorized Investments**

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

**C. Prohibited Investments**

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

**D. Credit Requirements**

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Sovereign rating of AAA from Standard and Poor's, Moody's, or Fitch and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must be rated a or better, without regard to modifiers, or may have a rating of bbb+ but they must have a Support rating of 1.

***Community Reinvestment Act Program Credit Requirements***

<b>Maximum Amount</b>	<b>Minimum Requirements</b>
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	<b><u>Banks</u></b> — FDIC Insurance Coverage
	<b><u>Credit Unions</u></b> — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit	<p>(Any 2 of 3 ratings)</p> <p>S&amp;P: A-2</p> <p>Moody's: P-2</p> <p>Fitch: F-2</p> <p>Collateral is required</p> <p><b>OR</b></p> <p>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</p>

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

**E. Maximum Maturities**

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as Treasury and Agency securities, should be maintained to accommodate unforeseen withdrawals.



The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations .....	5 years
Washington Supranational Obligations <sup>1</sup> .....	5 years
Municipal Notes .....	5 years
Registered State Warrants .....	5 years
Bankers Acceptances .....	180 days
Commercial Paper .....	270 days
Negotiable Certificates of Deposit .....	180 days
CRA Bank Deposit/Certificates of Deposit .....	1 year
Repurchase Agreements .....	1 year
Reverse Repurchase Agreements .....	92 days
Medium-Term Corporate Notes .....	180 days
Collateralized Mortgage Obligations .....	180 days

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

#### **F. Maximum Concentrations**

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations .....	100%
Municipal Notes .....	80%
Registered State Warrants .....	80%
Bankers Acceptances .....	40%
Commercial Paper .....	40%
Washington Supranational Obligations .....	30%
Negotiable Certificates of Deposit and CRA Bank Deposit/Certificates of Deposit .....	30%
Repurchase Agreements .....	30%
Reverse Repurchase Agreements .....	20%
Medium-Term Corporate Notes .....	30%
Money Market Mutual Funds .....	20%
Collateralized Mortgage Obligations .....	20%
Local Agency Investment Fund (LAIF) .....	(per State limit)

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

<sup>1</sup> The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

## **G. Repurchase Agreements**

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be Treasuries or Agencies valued at 110%, or mortgage-backed securities valued at 150%.

## **H. Community Reinvestment Act Program**

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions which support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

## **I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers**

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of

brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers which have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

#### **J. Investment Guidelines, Management Style and Strategy**

The Investment Group, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

#### **K. Approved Lists**

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

#### **L. Calculation of Yield and Costs**

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost

accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

## **X. Reviewing, Monitoring and Reporting of the Portfolio**

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

## **XI. Withdrawal Requests for Pooled Fund Investors**

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

## **XII. Limits on Honoraria, Gifts, and Gratuities**

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions,

select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is \$500 for the period January 1, 2019, to December 31, 2020, and is adjusted for inflation every odd-numbered year. Any violation must be reported to the State Fair Political Practices Commission.

### **XIII. Terms and Conditions for Outside Investors**

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

# Appendix A

## Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings				
Rating Interpretation	Moody's	S&P	Fitch	Fitch Viability Rating
<i>Best-quality grade</i>	Aaa	AAA	AAA	aaa
<i>High-quality grade</i>	Aa1	AA+	AA+	aa+
	Aa2	AA	AA	aa
	Aa3	AA-	AA-	aa-
<i>Upper Medium Grade</i>	A1	A+	A+	a+
	A2	A	A	a
	A3	A-	A-	a-
<i>Medium Grade</i>	Baa1	BBB+	BBB+	bbb+
	Baa2	BBB	BBB	bbb
	Baa3	BBB-	BBB-	bbb-
<i>Speculative Grade</i>	Ba1	BB+	BB+	bb+
	Ba2	BB	BB	bb
	Ba3	BB-	BB-	bb-
<i>Low Grade</i>	B1	B+	B+	b+
	B2	B	B	b
	B3	B-	B-	b-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC	ccc
<i>In Poor Standing</i>	-	CCC	-	
	-	CCC-	-	
<i>Highly Speculative Default</i>	Ca	CC	CC	cc
	C	-	-	c
<i>Default</i>	-	-	DDD	f
	-	-	DD	f
	-	D	D	f

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

# Appendix A

## Short Term / Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3

## Fitch Support Ratings

Rating	Interpretation
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

# Appendix A

Fitch Sovereign Risk Ratings	
Rating	Interpretation
AAA	<b>Highest credit quality.</b> 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	<b>Very high credit quality.</b> 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	<b>High credit quality.</b> 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	<b>Good credit quality.</b> 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	<b>Speculative.</b> 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	<b>Highly speculative.</b> 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	<b>High default risk.</b> Default is a real possibility.
CC	<b>Very high levels of credit risk.</b> Default of some kind appears probable.
C	<b>Exceptionally high levels of credit risk.</b> Default appears imminent or inevitable.
D	<p><b>Default.</b> Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> <li>• Failure to make payment of principal and/or interest under the contractual terms of the rated obligation;</li> <li>• The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or</li> <li>• The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.</li> </ul>





## Quarterly Pooled Investment Fund Report

As Prescribed By  
California Government Code Section 53646

For The Quarter Ended June 30, 2020

### Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2020 Investment Policy during the quarter ended June 30, 2020.

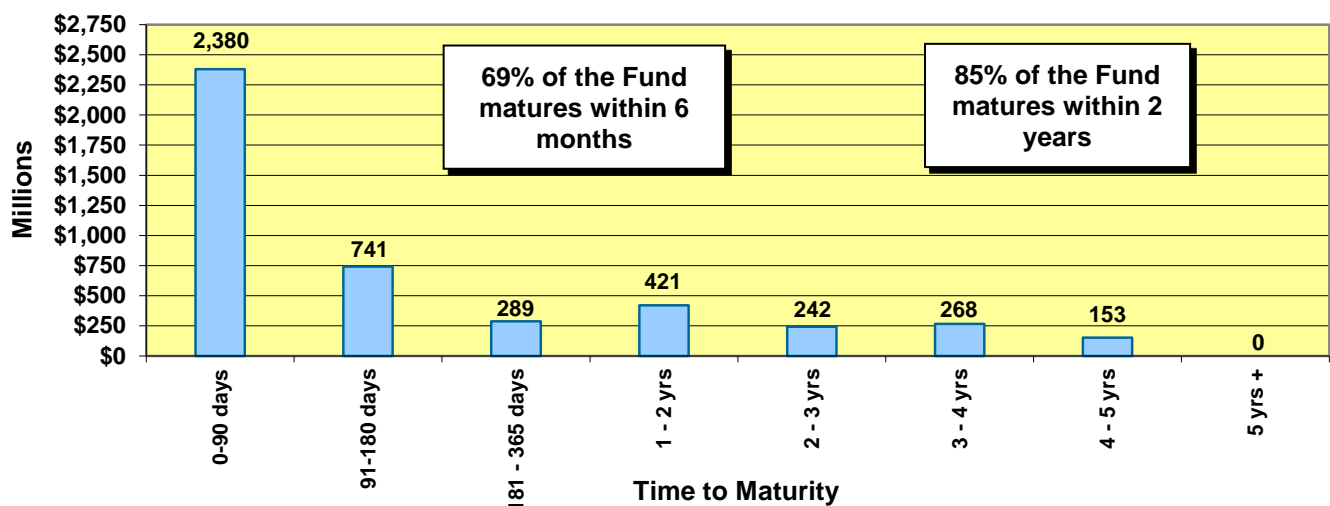
Portfolio Statistics	Quarter Ended 03/31/20	Quarter Ended 06/30/20
Average Daily Balance	\$4,163,937,675	\$4,700,263,674
Period-End Balance	\$4,244,416,758	\$4,493,782,290
Earned Interest Yield	1.937%	1.492%
Weighted Average Maturity	333 Days	281 Days
Duration in Years	0.886	0.750
Amortized Book Value	\$4,246,921,429	\$4,495,007,799
Market Value	\$4,305,496,198	\$4,551,561,645
Percent of Market to Cost	101.38%	101.26%

The earned interest yield presented above does not have any costs deducted. The investment management costs in prior years and this year continue to be approximately 10 basis points or 0.10%. The quarterly apportionment of earnings to participating funds will be made on a cash basis (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the Pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

## Portfolio Structure as of June 30, 2020<sup>1</sup>

Investment Description	Percentage of Portfolio at Cost 03/31/20	Percentage of Portfolio at Cost 06/30/20	Percentage of Portfolio at Market 06/30/20	Earned Interest Yield at 06/30/20
<i>US Agency, Treasury &amp; Municipal Notes (USATM):</i>				
<i>US Agency Notes</i>	26.94%	24.29%	24.57%	1.650%
<i>Notes/Discount Notes FFCB</i>	8.23%	7.78%	7.89%	2.093%
<i>Notes/Discount Notes FHLB</i>	13.31%	11.96%	12.08%	1.455%
<i>Notes/Discount Notes FNMA</i>	3.05%	2.88%	2.93%	1.898%
<i>Notes/Discount Notes FHLMC</i>	2.35%	1.67%	1.67%	0.567%
<i>US Treasury Notes</i>	0.00%	4.23%	4.17%	0.163%
<i>Municipal Notes</i>	0.57%	0.47%	0.46%	1.937%
<b>Total USATM</b>	<b>27.50%</b>	<b>28.98%</b>	<b>29.20%</b>	<b>1.438%</b>
<b>Repurchase Agreements</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.000%</b>
<b>Supranationals</b>	<b>15.92%</b>	<b>14.73%</b>	<b>15.10%</b>	<b>2.172%</b>
<b>Commercial Paper</b>	<b>32.07%</b>	<b>25.24%</b>	<b>21.87%</b>	<b>1.185%</b>
<b>Certificates of Deposit</b>	<b>19.91%</b>	<b>22.14%</b>	<b>21.87%</b>	<b>1.035%</b>
<b>LAIF</b>	<b>1.77%</b>	<b>1.67%</b>	<b>1.65%</b>	<b>1.217%</b>
<b>Money Market Accounts</b>	<b>2.83%</b>	<b>7.23%</b>	<b>7.14%</b>	<b>0.059%</b>

## POOLED INVESTMENT FUND MATURITIES AS OF JUNE 30, 2020 \$4.494 Billion



<sup>1</sup> Percentages may not add up to 100% due to rounding

## Projected Cash Flow

Based upon our cash flow model projection dated July 13, 2020, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
<i>Dollar amounts represented in millions</i>						
Jul	20.0	\$1,305.5	\$1,235.5	\$70.0	\$45.0	\$25.0
Aug	20.0	\$1,157.1	\$731.7	\$425.4	\$45.0	\$380.4
Sep	20.0	\$1,068.3	\$862.0	\$206.3	\$45.0	\$161.3
Oct	20.0	\$1,147.7	\$742.9	\$404.8	\$45.0	\$359.8
Nov	20.0	\$922.6	\$718.5	\$204.1	\$45.0	\$159.1
Dec	20.0	\$1,478.3	\$938.0	\$540.3	\$45.0	\$495.3
Jan	20.0	\$616.9	\$933.8	(\$316.9)	\$45.0	(\$361.9)
Feb	20.0	\$545.6	\$780.5	(\$234.9)	\$45.0	(\$279.9)
Mar	20.0	\$877.4	\$901.1	(\$23.7)	\$45.0	(\$68.7)
Apr	20.0	\$1,339.8	\$789.7	\$550.1	\$45.0	\$505.1
May	20.0	\$793.3	\$877.8	(\$84.5)	\$45.0	(\$129.5)
Jun	20.0	\$434.6	\$820.2	(\$385.6)	\$45.0	(\$430.6)

\*Any excess net cash flow amounts in this column will be used to fund negative cash flow positions in later months.

## Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of June 30, 2020, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at June 30, 2020:

<u>Investment</u>	<u>Firm</u>	<u>Amount</u>
Local Agency Investment Fund	State Treasurer's Office	\$75,000,000.00
Government Obligations Fund	Federated Hermes	\$295,073,772.59
Government Portfolio	Fidelity Investments	\$30,004,409.12

The Fund uses an external investment accounting system called APS2 by FIS AvantGard. The market valuations are based upon the pricing of Interactive Data Corporation (IDC).

THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

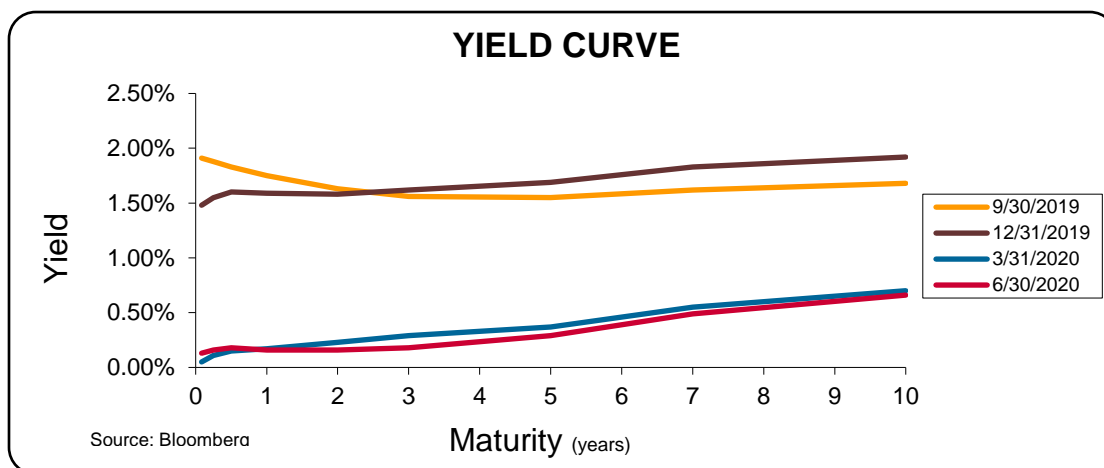
## Financial Markets Commentary

On June 10, 2020, the Federal Open Market Committee (FOMC) stated their intention to maintain the Federal Funds rate at a range of 0.0% to 0.25% well into 2022. The committee cited the risk to US economic growth from the COVID -19 pandemic as their primary concern along with elevated unemployment and risk of deflation. With more than 3.7 million confirmed cases and over 140,000 deaths from Covid-19 in United States and resurgent outbreaks across the West and Southern states, the Federal Reserve does not forecast a meaningful economic recovery in 2020. Further, Federal Reserve Chairman Powell indicated the FOMC and Congress will need to provide additional support to keep the United States out of a deep recession.

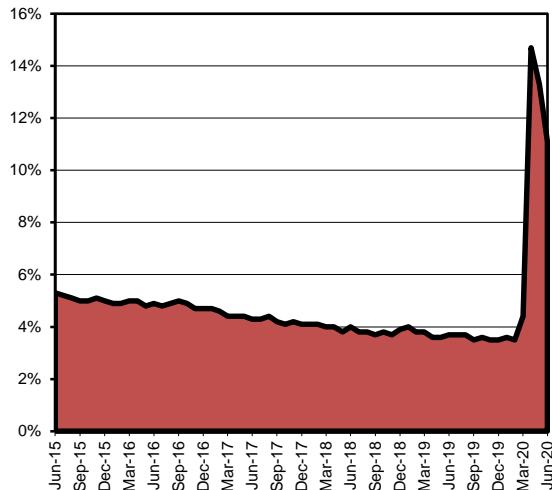
The Federal Reserve has dismissed a negative interest rate policy and will need to provide “unlimited” quantitative easing measures (QE) to keep interest rates stable around their zero interest rate target. Currently, the Federal Reserve is purchasing \$80 billion in US Treasuries and \$40 billion in mortgage back securities per month. In addition, the Federal Reserve has committed to purchasing \$750 billion in corporate bonds. The Federal Reserve balance sheet as of this writing is over \$7 trillion with many economists estimating the FOMC has over \$2.5 trillion in current capacity remaining in its liquidity and credit facilities to support its QE measures.

The Federal Reserve expects to be able continue its QE measures for the foreseeable future as it forecasts inflation will run below the 2% target for some time. It forecasts an inflation rate of 1.60% in 2021 and 1.70% in 2022. Low inflation is predicated on their view that the labor markets will remain weak over the next several quarters. The US unemployment rate peaked in April at 14.7%, the highest rate since the Great Depression and has since eased lower to 11.1% in June. However, the Federal Reserve current forecast is for the unemployment rate to end 2020 at 9.3% and decline modestly to 6.5% in 2021, well above its estimate of the US economy’s natural rate of unemployment.

Federal Reserve Chairman Powell stated the QE measures from the Federal Reserve will need to be paired with more fiscal stimulus from Congress. With some of the direct payments to individuals from the initial Coronavirus Aid, Relief, and Economic Security (CARES) Act set to expire at the end of July, some urgency is needed. However, with the current US National debt above \$26 trillion, a deal in Congress remains elusive. With the Federal Funds rate at near-zero for the foreseeable future, we will see the yield on the Pooled Investment Fund move lower over the next several quarters.

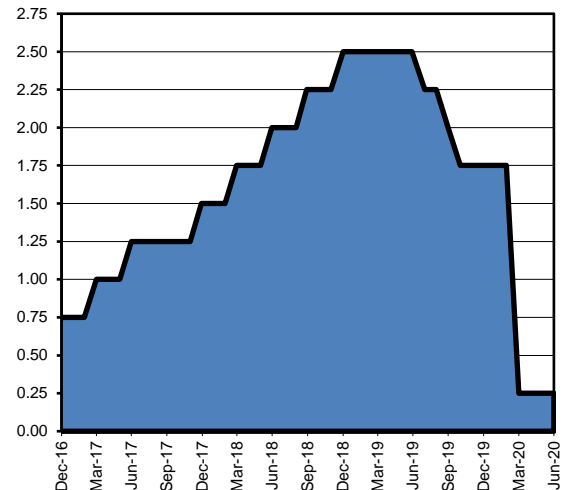


US UNEMPLOYMENT RATE



Source: Bloomberg

FED FUNDS RATE (UPPER BOUND)



Source: Bloomberg

### Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for December 2020. Due to the uncertainty to the cash flows of the Pooled Investment Fund caused by COVID-19, we have suspended purchasing two- and five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the “CORE” portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 0.90% and 1.10%.

Respectfully submitted,  
Bernard Santo Domingo  
Chief Investment Officer

Concur,  
Ben Lamera  
Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: July 21, 2020

COUNTY OF SACRAMENTO  
SHORT-TERM INVESTMENT PORTFOLIO  
POOLED FUNDS  
AS OF 06/30/2020

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
US TREAS BILL (45)	9127964G1	5/27/2020	10/6/2020	0.145%	0.145%	60,000,000.00	59,968,100.00	59,978,400.00	SUNGARD	0.268
US TREAS BILL (0340)	9127962S7	6/10/2020	10/22/2020	0.175%	0.175%	25,000,000.00	24,983,715.28	24,987,500.00	SUNGARD	0.312
US TREAS BILL (0120)	9127964Q9	6/12/2020	11/3/2020	0.170%	0.170%	55,000,000.00	54,962,600.00	54,967,534.72	SUNGARD	0.345
US TREAS BILL (0120)	912796TP4	6/16/2020	11/5/2020	0.175%	0.175%	35,000,000.00	34,975,840.28	34,980,400.00	SUNGARD	0.350
US TREAS BILL (0045)	9127964R7	6/22/2020	11/10/2020	0.160%	0.160%	15,000,000.00	14,990,600.00	14,990,400.00	SUNGARD	0.364
<b>TOTAL TREASURY BILLS</b>				0.163%	0.163%	190,000,000.00	189,880,855.56	189,904,234.72		0.319
						4.22%	4.23%	4.17%		
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	1.937%	1.937%	797,726.68	797,726.68	797,726.68	BOOK	0.093
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	1.937%	1.937%	1,541,791.77	1,541,791.77	1,541,791.77	BOOK	1.080
VR-SAC COUNTY 17-18		11/14/2017	8/1/2022	1.937%	1.937%	2,894,208.39	2,894,208.39	2,894,208.39	BOOK	2.049
VR-SAC COUNTY 18-19		12/4/2018	8/1/2023	1.937%	1.937%	6,052,036.55	6,052,036.55	6,052,036.55	BOOK	2.965
VR-SAC COUNTY 19-20		11/19/2019	8/1/2024	1.937%	1.937%	9,845,059.95	9,845,059.95	9,845,059.95	BOOK	3.889
<b>TOTAL VARIABLE RATE(MUNI)QUARTERLY</b>				1.937%	1.937%	21,130,823.34	21,130,823.34	21,130,823.34		3.024
						0.47%	0.47%	0.46%		
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	10,020,900.00	SUNGARD	0.096
FFCB NOTE (20)	3133EJWP0	8/15/2018	8/10/2020	2.710%	2.685%	25,000,000.00	25,012,100.00	25,072,500.00	SUNGARD	0.112
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	5,021,800.00	SUNGARD	0.329
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	5,021,800.00	SUNGARD	0.329
FFCB NOTE (170)	3133EJ2R9	12/14/2018	12/14/2020	2.750%	2.847%	25,000,000.00	24,953,050.00	25,290,000.00	SUNGARD	0.457
FFCB NOTE (120)	3133EJ4Q9	1/11/2019	1/11/2021	2.550%	2.596%	25,000,000.00	24,977,750.00	25,284,000.00	SUNGARD	0.524
FFCB NOTE (85)	3133EFY24	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	10,074,000.00	SUNGARD	0.608
FFCB NOTE (170)	3133EKAJ5	2/11/2019	2/11/2021	2.500%	2.545%	25,000,000.00	24,978,100.00	25,362,750.00	SUNGARD	0.608
FFCB NOTE (170)	3133EKF6P	4/5/2019	4/5/2021	2.230%	2.395%	25,000,000.00	24,919,950.00	25,391,250.00	SUNGARD	0.758
FFCB NOTE (170)	3133EKZV1	8/16/2019	8/16/2021	1.550%	1.705%	25,000,000.00	24,923,975.00	25,382,500.00	SUNGARD	1.116
FFCB NOTE (170)	3133EKY75	10/15/2019	10/15/2021	1.400%	1.555%	25,000,000.00	24,923,950.00	25,388,000.00	SUNGARD	1.281
FFCB NOTE (0260)	3133EK6D3	11/8/2019	11/8/2021	1.570%	1.625%	25,000,000.00	24,972,875.00	25,463,250.00	SUNGARD	1.344
FFCB NOTE (260)	3133EHTS2	8/9/2017	8/3/2022	1.900%	1.895%	20,000,000.00	20,004,700.00	20,681,400.00	SUNGARD	2.045
FFCB NOTE (120)	3133EHYR8	9/14/2017	9/13/2022	1.750%	1.849%	20,000,000.00	19,906,200.00	20,649,800.00	SUNGARD	2.160
FFCB NOTE (330)	3133EJ3Q0	12/21/2018	12/21/2023	2.875%	2.852%	20,000,000.00	20,021,380.00	21,750,600.00	SUNGARD	3.330
FFCB NOTE (170)	3133EKQU3	6/26/2019	6/13/2024	1.950%	1.877%	20,000,000.00	20,069,200.00	21,234,600.00	SUNGARD	3.820
FFCB NOTE (170)	3133EKA63	8/23/2019	8/16/2024	1.600%	1.554%	20,000,000.00	20,043,880.00	20,985,600.00	SUNGARD	3.988
FFCB NOTE (0120)	3133EK6J0	11/8/2019	11/8/2024	1.625%	1.821%	20,000,000.00	19,813,600.00	21,037,800.00	SUNGARD	4.212
<b>TOTAL FED FARM CREDIT BONDS(FFCB)</b>				2.033%	2.093%	350,000,000.00	349,486,810.00	359,112,550.00		1.590
						7.78%	7.78%	7.89%		

COUNTY OF SACRAMENTO  
SHORT-TERM INVESTMENT PORTFOLIO  
POOLED FUNDS  
AS OF 06/30/2020

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	10,012,800.00	SUNGARD	0.079
FHLB NOTE (170)	3130AF2D8	10/4/2018	10/15/2020	2.860%	2.861%	25,000,000.00	24,999,325.00	25,191,750.00	SUNGARD	0.293
FHLB NOTE (20)	3130A1W95	6/12/2019	6/11/2021	2.250%	2.014%	25,000,000.00	25,114,750.00	25,469,750.00	SUNGARD	0.942
FHLB NOTE (170)	3130AGLD5	7/8/2019	7/7/2021	1.875%	1.832%	25,000,000.00	25,021,175.00	25,421,750.00	SUNGARD	1.006
FHLB NOTE (170)	313378JP7	9/9/2019	9/10/2021	2.375%	1.573%	25,000,000.00	25,393,675.00	25,620,000.00	SUNGARD	1.177
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	20,485,400.00	SUNGARD	1.400
FHLB NOTE (0020)	313376C94	12/6/2019	12/10/2021	2.625%	1.602%	25,000,000.00	25,503,990.00	25,859,000.00	SUNGARD	1.425
FHLB NOTE (170)	313378CR0	3/13/2017	3/11/2022	2.250%	2.129%	20,000,000.00	20,114,200.00	20,661,200.00	SUNGARD	1.664
FHLB NOTE (120)	313379Q69	6/13/2017	6/10/2022	2.125%	1.888%	20,000,000.00	20,225,000.00	20,718,600.00	SUNGARD	1.913
FHLB NOTE (120)	3130ABS23	7/14/2017	7/14/2022	2.000%	2.000%	20,000,000.00	20,000,000.00	20,701,200.00	SUNGARD	1.990
FHLB NOTE (170)	3130A3KM5	12/12/2017	12/9/2022	2.500%	2.240%	20,000,000.00	20,243,840.00	21,052,800.00	SUNGARD	2.381
FHLB NOTE (86)	313383YJ4	11/27/2018	9/8/2023	3.375%	3.038%	20,000,000.00	20,297,200.00	21,953,800.00	SUNGARD	3.021
FHLB NOTE (170)	3130A0F70	1/9/2019	12/8/2023	3.375%	2.734%	20,000,000.00	20,585,640.00	22,074,600.00	SUNGARD	3.272
FHLB NOTE (170)	3130A1XJ2	7/10/2019	6/14/2024	2.875%	1.964%	20,000,000.00	20,851,300.00	21,942,600.00	SUNGARD	3.767
FHLB NOTE (170)	3130A2UW4	9/16/2019	9/13/2024	2.875%	1.802%	20,000,000.00	21,019,820.00	22,083,200.00	SUNGARD	3.963
FHLB NOTE (170)	3130A2UW4	10/16/2019	9/13/2024	2.875%	1.698%	20,000,000.00	21,104,000.00	22,083,200.00	SUNGARD	3.963
FHLB NOTE (0170)	3130A3GE8	12/13/2019	12/13/2024	2.750%	1.736%	20,000,000.00	20,967,200.00	22,042,200.00	SUNGARD	4.222
<b>TOTAL FED HOME LOAN BANKS</b>				2.528%	2.060%	355,000,000.00	361,218,615.00	373,373,850.00		2.142
						7.89%	8.04%	8.20%		
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	10,082,500.00	SUNGARD	0.496
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	20,299,600.00	SUNGARD	1.259
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	20,299,600.00	SUNGARD	1.259
FNMA NOTE (45)	3135G0S38	1/17/2017	1/5/2022	2.000%	2.043%	20,000,000.00	19,959,800.00	20,548,000.00	SUNGARD	1.484
FNMA NOTE (120)	3135G0T45	5/9/2017	4/5/2022	1.875%	2.005%	20,000,000.00	19,878,800.00	20,590,200.00	SUNGARD	1.736
FNMA NOTE (330)	3135G0T78	10/18/2017	10/5/2022	2.000%	2.031%	20,000,000.00	19,970,560.00	20,766,200.00	SUNGARD	2.215
FNMA NOTE (330)	3135G0T78	11/6/2017	10/5/2022	2.000%	2.065%	20,000,000.00	19,939,400.00	20,766,200.00	SUNGARD	2.215
<b>TOTAL FED NAT MORT ASSOC</b>				1.780%	1.898%	130,000,000.00	129,277,000.00	133,352,300.00		1.603
						2.89%	2.88%	2.93%		
FHLB DISC NOTE (0023)	313384H93	4/13/2020	10/1/2020	0.290%	0.290%	36,400,000.00	36,349,859.00	36,386,168.00	SUNGARD	0.255
FHLB DISC NOTE (0120)	313384K57	4/9/2020	10/13/2020	0.245%	0.245%	50,030,000.00	49,966,329.88	50,008,487.10	SUNGARD	0.287
FHLB DISC NOTE (0086)	313384L31	6/8/2020	10/19/2020	0.165%	0.165%	40,000,000.00	39,975,616.67	39,981,600.00	SUNGARD	0.304
FHLB DISC NOTE (0086)	313384L56	6/8/2020	10/21/2020	0.165%	0.165%	25,000,000.00	24,984,531.25	24,988,250.00	SUNGARD	0.309
FHLB DISC NOTE (0340)	313384N39	6/11/2020	11/4/2020	0.175%	0.175%	25,000,000.00	24,982,256.94	24,985,250.00	SUNGARD	0.348

COUNTY OF SACRAMENTO  
SHORT-TERM INVESTMENT PORTFOLIO  
POOLED FUNDS  
AS OF 06/30/2020

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
<b>TOTAL FHLB DISC NOTES</b>				0.215%	0.215%	176,430,000.00 3.92%	176,258,593.74 3.92%	176,349,755.10 3.87%		0.296
FHLMC DISC NOTE (0120)	313396G31	5/19/2020	9/17/2020	0.130%	0.130%	45,000,000.00	44,980,337.50	44,985,375.00	SUNGARD	0.216
<b>TOTAL FHLMC DISC NOTES</b>				0.130%	0.130%	45,000,000.00 1.00%	44,980,337.50 1.00%	44,985,375.00 0.99%		0.216
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	10,106,400.00	SUNGARD	1.108
FHLMC NOTE (0170)	3137EAEP0	2/28/2020	2/12/2025	1.500%	1.171%	20,000,000.00	20,315,800.00	20,956,200.00	SUNGARD	4.456
<b>TOTAL FHLMC</b>				1.377%	1.218%	30,000,000.00 0.67%	30,224,700.00 0.67%	31,062,600.00 0.68%		3.358
IFC NOTE (170)	45950VLZ7	7/20/2018	7/20/2020	2.690%	2.732%	25,000,000.00	24,979,650.00	24,979,650.00	SUNGARD	0.055
IBRD NOTE (45)	459058GA5	9/10/2018	9/4/2020	1.626%	2.735%	25,000,000.00	24,468,150.00	25,058,750.00	SUNGARD	0.181
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	10,063,100.00	SUNGARD	0.361
IFC NOTE (170)	45950VMQ6	11/13/2018	11/13/2020	3.000%	3.038%	25,000,000.00	24,981,600.00	25,218,750.00	SUNGARD	0.372
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	10,066,300.00	SUNGARD	0.591
IBRD NOTE (45)	459058EW9	3/9/2016	3/9/2021	1.626%	1.667%	10,000,000.00	9,979,880.00	10,099,600.00	SUNGARD	0.688
IBRD NOTE(45)	459058EW9	4/22/2016	3/9/2021	1.626%	1.413%	10,000,000.00	10,099,780.00	10,099,600.00	SUNGARD	0.688
IADB NOTE (170)	4581X0CS5	3/6/2019	3/15/2021	1.875%	2.633%	25,000,000.00	24,628,850.00	25,249,000.00	SUNGARD	0.704
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.376%	1.376%	10,000,000.00	9,980,400.00	10,095,800.00	SUNGARD	0.897
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.376%	1.376%	10,000,000.00	10,030,300.00	10,095,800.00	SUNGARD	0.897
IBRD NOTE (45)	459058FH1	5/6/2019	5/24/2021	1.376%	2.389%	25,000,000.00	24,496,250.00	25,239,500.00	SUNGARD	0.897
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	10,099,500.00	SUNGARD	1.063
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	20,232,400.00	SUNGARD	1.196
IADB NOTE (170)	4581X0CW6	1/9/2020	1/18/2022	2.125%	1.596%	25,000,000.00	25,262,250.00	25,695,750.00	SUNGARD	1.519
IBRD NOTE (85)	459058DY6	2/15/2017	2/10/2022	1.626%	2.177%	20,000,000.00	19,481,600.00	20,438,000.00	SUNGARD	1.587
IBRD NOTE (0170)	459058DY6	2/10/2020	2/10/2022	1.626%	1.510%	25,000,000.00	25,056,750.00	25,547,500.00	SUNGARD	1.587
IBRD NOTE (170)	45905UH23	4/27/2017	4/27/2022	1.930%	1.942%	20,000,000.00	19,989,000.00	19,989,000.00	SUNGARD	1.797
IADB NOTE (170)	4581X0DA3	1/18/2018	1/18/2023	2.500%	2.482%	20,000,000.00	20,016,840.00	21,112,200.00	SUNGARD	2.459
IADB NOTE (170)	4581X0DA3	2/16/2018	1/18/2023	2.500%	2.788%	20,000,000.00	19,736,200.00	21,112,200.00	SUNGARD	2.458
IBRD NOTE (170)	45905UT53	3/20/2018	3/8/2023	2.720%	2.824%	20,000,000.00	19,904,260.00	21,315,800.00	SUNGARD	2.590
IBRD NOTE (45)	459058FF5	5/11/2018	4/19/2023	1.750%	2.941%	20,000,000.00	18,912,000.00	20,807,600.00	SUNGARD	2.737
IFC NOTE (170)	45950VLV6	4/20/2018	4/20/2023	2.826%	2.826%	20,000,000.00	20,000,000.00	20,000,000.00	SUNGARD	2.703
IADB NOTE (45)	45818WBW5	6/22/2018	6/15/2023	2.976%	2.976%	20,000,000.00	20,000,000.00	21,454,000.00	SUNGARD	2.850
IADB NOTE (170)	45818WBX3	7/26/2018	7/20/2023	2.870%	2.965%	20,000,000.00	19,912,860.00	21,439,600.00	SUNGARD	2.910
IFC NOTE (0170)	45950KCP3	8/28/2018	7/31/2023	2.876%	2.869%	20,000,000.00	20,005,580.00	21,578,400.00	SUNGARD	2.938



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<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
IADB NOTE (170)	45818WBY1	9/11/2018	8/16/2023	2.960%	2.946%	20,000,000.00	20,012,400.00	21,483,000.00	SUNGARD	2.978
IBRD NOTE (170)	459058GL1	10/9/2018	9/27/2023	3.000%	3.187%	20,000,000.00	19,829,440.00	21,733,000.00	SUNGARD	3.090
IADB NOTE (170)	4581X0DF2	2/22/2019	1/16/2024	2.625%	2.640%	20,000,000.00	19,986,000.00	21,584,000.00	SUNGARD	3.368
IBRD NOTE (170)	459058GQ0	3/29/2019	3/19/2024	2.500%	2.307%	20,000,000.00	20,180,700.00	21,570,200.00	SUNGARD	3.552
IADB NOTE (170)	45818WCJ3	4/12/2019	4/9/2024	2.375%	2.401%	20,000,000.00	19,975,940.00	21,377,200.00	SUNGARD	3.614
IADB NOTE	45818WCJ3	5/23/2019	4/9/2024	2.375%	2.326%	20,000,000.00	20,044,360.00	21,377,200.00	SUNGARD	3.615
IFC NOTE (0170)	45950VNP7	1/21/2020	1/10/2025	1.680%	1.721%	20,000,000.00	19,961,060.00	21,009,000.00	SUNGARD	4.344
<b>TOTAL SUPRANATIONALS</b>				2.208%	2.372%	605,000,000.00	601,841,300.00	627,221,400.00		1.986
						13.45%	13.39%	13.78%		
IBRD DISC NOTE (0045)	459052J23	6/2/2020	10/2/2020	0.160%	0.160%	60,000,000.00	59,967,466.67	59,976,600.00	SUNGARD	0.257
<b>TOTAL SUPRANATIONALS D.N.</b>				0.160%	0.160%	60,000,000.00	59,967,466.67	59,976,600.00		0.257
						1.33%	1.33%	1.32%		
CP-BANK OF MONTREAL (0045)	06366GG11	1/16/2020	7/1/2020	1.690%	1.703%	20,000,000.00	19,843,205.56	20,000,000.00	SUNGARD	0.003
CP-JP MORGAN (0023)	46640PG15	1/21/2020	7/1/2020	1.750%	1.764%	70,000,000.00	69,448,750.00	70,000,000.00	SUNGARD	0.003
CP-BANK OF MONTREAL (0045)	06366GG11	1/23/2020	7/1/2020	1.700%	1.713%	20,000,000.00	19,848,888.89	20,000,000.00	SUNGARD	0.003
CP-JP MORGAN (0023)	46640PG23	1/27/2020	7/2/2020	1.690%	1.703%	45,000,000.00	44,668,337.50	44,999,850.00	SUNGARD	0.005
CP-BANK OF MONTREAL (0045)	06366GG60	1/30/2020	7/6/2020	1.630%	1.642%	30,000,000.00	29,785,383.33	29,999,500.00	SUNGARD	0.016
CP-TOYOTA MOTOR (0270)	89233GG75	2/5/2020	7/7/2020	1.690%	1.702%	10,000,000.00	9,928,175.00	9,999,800.00	SUNGARD	0.019
CP-TOYOTA MOTOR (0270)	89233GG91	1/30/2020	7/9/2020	1.700%	1.713%	30,000,000.00	29,771,916.67	29,999,200.00	SUNGARD	0.025
CP-JP MORGAN (023)	46640PGF4	2/18/2020	7/15/2020	1.630%	1.641%	30,000,000.00	29,798,966.67	29,998,600.00	SUNGARD	0.041
CP-CANADIAN IMP (0025)	13607EGM5	2/28/2020	7/21/2020	1.420%	1.428%	35,000,000.00	34,801,200.00	34,997,666.67	SUNGARD	0.057
CP-CHEVRON CORP (0004)	16677JGP5	2/26/2020	7/23/2020	1.570%	1.580%	55,000,000.00	54,645,005.56	54,995,966.67	SUNGARD	0.063
CP-JP MORGAN (0023)	46640PGQ0	3/2/2020	7/24/2020	1.150%	1.155%	20,000,000.00	19,908,000.00	19,998,466.67	SUNGARD	0.066
CP-EXXON MOBIL (0050)	30229AGQ6	3/4/2020	7/24/2020	0.920%	0.923%	20,000,000.00	19,927,422.22	19,998,466.67	SUNGARD	0.066
CP-EXXON MOBIL (0050)	30229AGQ6	3/5/2020	7/24/2020	0.900%	0.903%	30,000,000.00	29,894,250.00	29,997,700.00	SUNGARD	0.066
CP-EXXON MOBIL (0170)	30229AGQ6	3/11/2020	7/24/2020	1.040%	1.044%	40,000,000.00	39,844,000.00	39,996,933.33	SUNGARD	0.066
CP-TORONTO DOMINION (0020)	89116EGQ0	3/17/2020	7/24/2020	1.260%	1.266%	50,000,000.00	49,774,250.00	49,996,166.67	SUNGARD	0.066
CP-CHEVRON CORP (0004)	16677JGQ3	3/25/2020	7/24/2020	2.120%	2.135%	55,000,000.00	54,608,094.44	54,995,783.33	SUNGARD	0.066
CP-JP MORGAN (0023)	46640PH30	4/3/2020	8/3/2020	1.250%	1.255%	27,875,000.00	27,756,918.40	27,871,933.75	SUNGARD	0.093
CP-CANADIAN IMP (0025)	13607EH36	4/3/2020	8/3/2020	1.150%	1.154%	30,000,000.00	29,883,083.33	29,996,700.00	SUNGARD	0.093
CP-CHEVRON CORP (0004)	16677JH41	3/26/2020	8/4/2020	2.150%	2.167%	40,000,000.00	39,687,055.56	39,995,466.67	SUNGARD	0.096
CP-CHEVRON CORP (0004)	16677JH74	3/26/2020	8/7/2020	2.150%	2.167%	50,000,000.00	49,599,861.11	49,993,833.33	SUNGARD	0.104
CP-BANK OF MONTREAL (0045)	06366GHB8	4/6/2020	8/11/2020	0.995%	0.999%	15,000,000.00	14,947,347.92	14,997,950.00	SUNGARD	0.115
CP-CANADIAN IMP (0025)	13607EHC6	4/6/2020	8/12/2020	0.900%	0.903%	10,000,000.00	9,968,000.00	9,998,600.00	SUNGARD	0.118
CP-JP MORGAN (0023)	46640PHJ5	4/3/2020	8/18/2020	1.250%	1.256%	12,725,000.00	12,664,467.88	12,722,964.00	SUNGARD	0.134

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CP-CANADIAN IMP (0025)	13607EHL6	4/14/2020	8/20/2020	0.910%	0.913%	15,000,000.00	14,951,466.67	14,997,500.00	SUNGARD	0.140
CP-JP MORGAN (0023)	46640PJ12	4/14/2020	9/1/2020	1.000%	1.004%	29,000,000.00	28,887,222.22	28,992,508.33	SUNGARD	0.172
CP-CANADIAN IMP (0025)	13607EJ18	4/17/2020	9/1/2020	0.700%	0.702%	55,000,000.00	54,853,486.11	54,985,791.67	SUNGARD	0.172
CP-TORONTO DOMINION (0020)	89116EJ38	4/15/2020	9/3/2020	0.640%	0.642%	15,000,000.00	14,962,400.00	14,996,000.00	SUNGARD	0.178
CP-EXXON MOBIL (0170)	30229AJ42	4/24/2020	9/4/2020	0.840%	0.843%	45,000,000.00	44,860,350.00	44,987,812.50	SUNGARD	0.181
CP-BANK OF MONTREAL (0045)	06366GJ83	5/1/2020	9/8/2020	0.230%	0.230%	35,000,000.00	34,970,930.56	34,989,937.50	SUNGARD	0.192
CP-JP MORGAN (0023)	46640PJ87	5/4/2020	9/8/2020	0.250%	0.250%	10,000,000.00	9,991,180.56	9,997,125.00	SUNGARD	0.192
CP-TORONTO DOMINION (0020)	89116EJ87	5/4/2020	9/8/2020	0.230%	0.230%	10,000,000.00	9,991,886.11	9,997,125.00	SUNGARD	0.192
CP-TORONTO DOMINION (0020)	89116EJA2	5/13/2020	9/10/2020	0.200%	0.200%	15,000,000.00	14,990,000.00	14,995,562.50	SUNGARD	0.197
CP-BANK OF MONTREAL (0045)	06366GJJ9	5/7/2020	9/18/2020	0.190%	0.190%	45,000,000.00	44,968,175.00	44,985,187.50	SUNGARD	0.219
CP-EXXON MOBIL (260)	30229AK16	5/26/2020	10/1/2020	0.270%	0.270%	80,000,000.00	79,923,200.00	79,959,111.11	SUNGARD	0.255
CP-EXXON MOBIL (0260)	30229AK57	6/3/2020	10/5/2020	0.220%	0.220%	15,000,000.00	14,988,633.33	14,992,000.00	SUNGARD	0.266
CP-CIBC (0025)	13607EL64	6/18/2020	11/6/2020	0.220%	0.220%	25,000,000.00	24,978,458.33	24,977,777.78	SUNGARD	0.353
<b>TOTAL COMMERCIAL PAPER DISC</b>				1.178%	1.185%	1,139,600,000.00	1,134,319,968.93	1,139,404,986.65		0.111
						25.34%	25.24%	25.03%		
CD-RABOBANK (0280)	21684XDY9	2/4/2020	7/8/2020	1.640%	1.640%	45,000,000.00	45,000,000.00	45,015,493.66	SUNGARD	0.022
CD-SVENSKA HANDEL (0120)	86959RFD7	1/30/2020	7/10/2020	1.655%	1.650%	55,000,000.00	55,001,228.38	55,023,899.52	SUNGARD	0.027
CD-RABOBANK (0280)	21684XDV5	2/3/2020	7/13/2020	1.630%	1.630%	35,000,000.00	35,000,000.00	35,019,455.63	SUNGARD	0.036
CD-RABOBANK (0280)	21684XEE2	2/11/2020	7/17/2020	1.610%	1.610%	40,000,000.00	40,000,000.00	40,028,699.25	SUNGARD	0.047
CD-US BANK (0240)	90333V2M1	3/2/2020	7/24/2020	1.090%	1.090%	55,000,000.00	55,000,000.00	55,036,652.48	SUNGARD	0.066
CD-US BANK (0240)	90333V2R0	3/6/2020	7/24/2020	0.810%	0.810%	40,000,000.00	40,000,000.00	40,019,192.58	SUNGARD	0.066
CD-ROYAL BK OF CANADA (0260)	78012UTV7	3/26/2020	8/3/2020	1.760%	1.760%	75,000,000.00	75,000,000.00	75,118,251.70	SUNGARD	0.093
CD-TORONTO DOMINION (0020)	89114NJJ5	4/1/2020	8/3/2020	1.400%	1.400%	80,000,000.00	80,000,000.00	80,098,945.57	SUNGARD	0.093
CD-TORONTO DOMINION (0020)	89114NJM8	4/2/2020	8/3/2020	1.300%	1.300%	35,000,000.00	35,000,000.00	35,039,984.26	SUNGARD	0.093
CD-ROYAL BK OF CANADA (0260)	78012UUR4	4/3/2020	8/5/2020	1.200%	1.200%	30,000,000.00	30,000,000.00	30,033,289.08	SUNGARD	0.099
CD-TORONTO DOMINION (0020)	89114NJR7	4/7/2020	8/13/2020	1.050%	1.050%	15,000,000.00	15,000,000.00	15,017,594.02	SUNGARD	0.120
CD-US BANK (0240)	90333V2Y5	4/6/2020	8/14/2020	0.650%	0.650%	45,000,000.00	45,000,000.00	45,031,488.69	SUNGARD	0.123
CD-NATIONAL AUSTRALIA BK (012 63253TU63)	78012UUZ6	4/8/2020	8/14/2020	0.980%	0.980%	50,000,000.00	50,000,000.00	50,055,606.03	SUNGARD	0.123
CD-ROYAL BK OF CANADA (0260)	78012UUZ6	4/13/2020	8/19/2020	0.930%	0.930%	20,000,000.00	20,000,000.00	20,023,325.38	SUNGARD	0.137
CD-NATIONAL AUSTRALIA BK (012 63253TU55)		4/7/2020	8/21/2020	1.000%	1.000%	70,000,000.00	70,000,000.00	70,091,977.92	SUNGARD	0.142
CD-NATIONAL AUSTRALIA BK (012 63253TU71)		4/8/2020	8/24/2020	0.980%	0.980%	50,000,000.00	50,000,000.00	50,067,961.23	SUNGARD	0.151
CD-US BANK (0240)	90333V3F5	4/27/2020	9/8/2020	0.370%	0.370%	15,000,000.00	15,000,000.00	15,008,163.51	SUNGARD	0.192
CD-US BANK (0240)	90333V3D0	4/22/2020	9/9/2020	0.470%	0.470%	10,000,000.00	10,000,000.00	10,007,491.52	SUNGARD	0.194
CD-NATIONAL AUSTRALIA BK (012 63253TU89)		5/20/2020	9/11/2020	0.180%	0.180%	60,000,000.00	60,000,000.00	60,010,945.76	SUNGARD	0.200
CD-ROYAL BK OF CANADA (260)	78012UUP8	6/15/2020	10/2/2020	1.350%	0.250%	35,000,000.00	35,116,408.80	35,106,820.51	SUNGARD	0.257
CD-CANADIAN IMPERIAL (0025)	13606CCD4	5/15/2020	10/7/2020	0.210%	0.210%	55,000,000.00	55,000,000.00	55,004,527.95	SUNGARD	0.271

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<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
<b>TOTAL CERT. OF DEPOSIT/THRIFT NOTES</b>				1.110%	1.067%	915,000,000.00 20.35%	915,117,637.18 20.36%	915,859,766.25 20.12%		0.117
CD-FIVE STAR BANK (CRA)		4/23/2020	4/22/2021	0.500%	0.500%	10,000,000.00	10,000,000.00	9,969,680.56	SUNGARD	0.810
CD-EAST WEST BANK (CRA)		4/27/2020	4/26/2021	1.100%	1.100%	20,000,000.00	20,000,000.00	19,938,538.89	SUNGARD	0.821
CD-FIVE STAR BANK (CRA)		4/30/2020	4/29/2021	0.500%	0.500%	10,000,000.00	10,000,000.00	9,968,961.11	SUNGARD	0.830
CD-BANNER BANK (CRA)		5/7/2020	5/6/2021	0.500%	0.500%	10,000,000.00	10,000,000.00	9,968,241.67	SUNGARD	0.849
CD-BANK OF THE WEST (CRA)		5/11/2020	5/7/2021	0.580%	0.580%	20,000,000.00	20,000,000.00	19,936,277.78	SUNGARD	0.851
CD-BANNER BANK (CRA)		5/14/2020	5/13/2021	0.500%	0.500%	10,000,000.00	10,000,000.00	9,967,522.22	SUNGARD	0.868
<b>TOTAL CD-ACT OVER 365/366</b>				0.670%	0.670%	80,000,000.00 1.78%	80,000,000.00 1.78%	79,749,222.23 1.75%		0.838
LAIF POOL		7/31/1997	7/31/2020	1.217%	1.217%	75,000,000.00	75,000,000.00	75,000,000.00	BOOK	0.085
MMF-FEDERATED #117		3/18/2020	7/31/2020	0.063%	0.063%	295,073,772.59	295,073,772.59	295,073,772.59	BOOK	0.085
FIDELITY #2642		4/22/2020	7/31/2020	0.022%	0.022%	30,004,409.12	30,004,409.12	30,004,409.12	BOOK	0.085
<b>TOTAL PASSBOOK ACCOUNTS</b>				0.276%	0.276%	400,078,181.71 8.90%	400,078,181.71 8.90%	400,078,181.71 8.79%		0.085
<b>Grand Total</b>				<u>1.305%</u>	<u>1.290%</u>	<u>4,497,239,005.05</u>	<u>4,493,782,289.63</u>	<u>4,551,561,645.00</u>		<u>0.750</u>

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## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, “Securities” means the Bonds, “Issuer” means the District, and “Agent” means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.*

1. The Depository Trust Company (“**DTC**”), New York, NY, will act as securities depository for the securities (the “**Securities**”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.