**NEW ISSUE -- FULL BOOK-ENTRY**

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

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, based upon existing laws, regulations, rulings, court decisions, and assuming (among other things) compliance with certain covenants, interest on the Refunding Bonds is exempt from State of California personal income taxes. Interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See "TAX MATTERS" herein.*

# $3,820,000
# TAFT CITY SCHOOL DISTRICT
## (Kern County, California)
# 2021 General Obligation Refunding Bonds
## (Federally Taxable)

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

***Issuance.*** The above-captioned bonds (the "Refunding Bonds") are being issued by the Taft City School District, also known as the Taft City Elementary School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on September 8, 2021 (the "Bond Resolution"). The Refunding Bonds are being issued to refund certain outstanding general obligation bonds of the District, and to pay costs of issuance. See "THE REFUNDING BONDS – Authority for Issuance" and "THE REFINANCING PLAN."

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

***Redemption***. The Refunding Bonds are subject to redemption prior to maturity under certain circumstances, as described herein. See "THE REFUNDING BONDS – Redemption."

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

***Payments.*** The Refunding Bonds are dated the date of delivery and are being issued as current interest bonds. The Refunding Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2022. Payments of principal of and interest on the Refunding Bonds will be paid by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Refunding Bonds. See "THE REFUNDING BONDS - Description of the Refunding Bonds." See "THE REFUNDING BONDS."

***Bond Insurance***. The scheduled payment of principal of and interest on the Refunding Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Refunding Bonds by **ASSURED GUARANTY MUNICIPAL CORP** ("AGM"). See "BOND INSURANCE" and "APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

ASSURED GUARANTY MUNICIPAL

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**MATURITY SCHEDULE**
(see inside front cover)

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This cover page contains information for general reference only. It is not a summary of all the provisions of the Refunding Bonds. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

*The Refunding Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about October 6, 2021.*

**RAYMOND JAMES®**

The date of this Official Statement is September 15, 2021.

# MATURITY SCHEDULE

## TAFT CITY SCHOOL DISTRICT
**(Kern County, California)**
**2021 General Obligation Refunding Bonds**
**(Federally Taxable)**

**Base CUSIP†: 873652**

| Maturity Date (August 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP† |
|---|---|---|---|---|---|
| 2029 | $300,000 | 1.779% | 1.779% | 100.000 | AP6 |
| 2030 | 320,000 | 1.929 | 1.929 | 100.000 | AQ4 |
| 2031 | 315,000 | 2.029 | 2.029 | 100.000 | AR2 |

**$160,000 - 1.053% Term Bonds maturing August 1, 2026; Yield: 1.053%; Price: 100.000; CUSIP†: AM3**

**$310,000 - 1.647% Term Bonds maturing August 1, 2028; Yield: 1.647%; Price: 100.000; CUSIP†: AN1**

**$720,000 - 2.229% Term Bonds maturing August 1, 2033; Yield: 2.229%; Price: 100.000; CUSIP†: AT8**

**$805,000 - 2.539% Term Bonds maturing August 1, 2035; Yield: 2.539%; Price: 100.000; CUSIP†: AV3**

**$890,000 - 2.689% Term Bonds maturing August 1, 2037; Yield: 2.689%; Price: 100.000; CUSIP†: AX9**

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*† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

***Estimates and Projections.*** When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

***Bond Insurance.*** Assured Guaranty Municipal Corp ("AGM" or the "Bond Insurer") makes no representation regarding the Refunding Bonds or the advisability of investing in the Refunding Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and in APPENDIX H.

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

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

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

***No Securities Laws Registration.*** The Refunding Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Refunding Bonds have not been registered or qualified under the securities laws of any state.

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

***Stabilization of Market Price.*** In connection with the offering of the Refunding Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Refunding Bonds at levels above those that might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

***Website***. The District maintains a website and social media accounts. However, the information presented on the website and through such social media accounts, is not a part of this Official Statement, is not incorporated herein by reference, and should not be relied upon in making an investment decision with respect to the Refunding Bonds.

# TAFT CITY SCHOOL DISTRICT
## KERN COUNTY
## STATE OF CALIFORNIA



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**PROFESSIONAL SERVICES**

**BOND AND DISCLOSURE COUNSEL**

Jones Hall, A Professional Law Corporation
*San Francisco, California*

**FINANCIAL ADVISOR**

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

**PAYING AGENT, TRANSFER AGENT, ESCROW BANK AND BOND REGISTRAR**

U.S. Bank National Association
*Los Angeles, California*

**ESCROW VERIFICATION**

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

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# OFFICIAL STATEMENT

**$3,820,000**
**TAFT CITY SCHOOL DISTRICT**
**(Kern County, California)**
**2021 General Obligation Refunding Bonds**
**(Federally Taxable)**

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale and delivery by the Taft City School District (the "**District**"), also known as the Taft City School District, of the above-captioned general obligation refunding bonds (the "**Refunding Bonds**").

## INTRODUCTION

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

***The District***. The District was established in 1932 and is located in the western portion of Kern County (the "**County**"), serving the Taft City (the "**City**") as well as unincorporated portions of the County. The District encompasses approximately 116 square miles and currently operates four elementary schools and two middle school. Enrollment in the District for the 2021-22 school year is budgeted for approximately 2,305 students.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See APPENDIX C hereto for demographic and other statistical information regarding the City and County.

***COVID-19 Statement.*** The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its operations and finances, property values in the District, and economic activity in the District, State of California (the **"State"**) and the nation, among others. District schools are following a variety of re-entry protocols to ensure the health and safety for teachers and students. For more disclosure regarding the COVID-19 emergency, see "SECURITY FOR THE REFUNDING BONDS – COVID-19 Global Pandemic." See also references to COVID-19 in the sections herein entitled "PROPERTY TAXATION."

***Purpose***. The Refunding Bonds are being issued by the District to refinance certain outstanding maturities of the District's General Obligation Bonds Election of 2012, Series A (the "**2012 Series A Bonds**"), and to pay costs of issuance. See "THE REFINANCING PLAN."

***Authority for Issuance of the Refunding Bonds.*** The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "**Bond Law**") and under a resolution adopted by the Board of Trustees of the District on September 8, 2021 (the "**Bond Resolution**"). See "THE REFUNDING BONDS - Authority for Issuance."

***Security and Sources of Payment for the Refunding Bonds***. The Refunding Bonds are general obligation bonds of the District, payable solely from *ad valorem* property taxes levied and collected within the District. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Refunding Bonds upon all property subject to taxation in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE REFUNDING BONDS."

The District has other series of general obligation bonds outstanding that are similarly payable from *ad valorem* taxes. For the remaining debt service of the District's outstanding general obligation bonds, see "DEBT SERVICE SCHEDULES – Combined General Obligation Debt Service." See also "GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT-DISTRICT FINANCIAL INFORMATION - Long-Term Indebtedness" in APPENDIX A to the Official Statement.

The impact that the current COVID-19 outbreak might have on the assessed valuation of property located in the District is uncertain at this time. See "PROPERTY TAXATION – Assessed Valuations" and "SECURITY FOR THE REFUNDING BONDS – COVID-19 Global Pandemic."

***Payment and Registration of the Refunding Bonds***. The Refunding Bonds are being issued as current interest bonds. The Refunding Bonds will be dated their date of original issuance and delivery (the "**Dated Date**") and will be issued as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple of $5,000, registered in the name of Cede & Co. as nominee of DTC, and will be available under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("**DTC Participants**") as described below. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Bonds. See "THE REFUNDING BONDS" and APPENDIX F.

The Refunding Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2022. See "THE REFUNDING BONDS - Description of the Refunding Bonds."

***Redemption.*** The Refunding Bonds are subject to redemption prior to their maturity as described in "THE REFUNDING BONDS – Redemption."

***Bond Insurance***. Concurrently with the issuance of the Refunding Bonds, Assured Guaranty Municipal Corp. (**"AGM"** or the **"Bond Insurer"**) will issue its Municipal Bond Insurance Policy for the Refunding Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Refunding Bonds when due, as set forth in the form Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE" and APPENDIX H.

***Tax Matters.*** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Bond Counsel**"), based upon existing laws, regulations, rulings and court decisions, and assuming (among other things) compliance with certain covenants, interest on the Refunding Bonds is exempt from the State personal income taxes. Interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel express no opinion regarding any other tax consequences caused by the ownership or disposition of, or the accrual or receipt of interest on, the Refunding Bonds. See "TAX MATTERS" for additional information, and APPENDIX D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Refunding Bonds.

***Continuing Disclosure.*** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Refunding Bonds and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See "CONTINUING DISCLOSURE."

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

This Official Statement is not to be construed as a contract with the purchasers of the Refunding Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

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

*END OF INTRODUCTION*

## THE REFINANCING PLAN

As described herein, the proceeds of the Refunding Bonds will be used to refund, on an advance basis, the Refunded Bonds (as defined below), and to pay related costs of issuance.

***The 2012 Series A Bonds.*** The 2012 Series A Bonds were authorized at an election of the registered voters of the District held on June 5, 2012, which authorized the issuance of $23,600,000 of general obligation bonds to finance the construction and modernization of school facilities for the District. The 2012 Series A Bonds were issued as current interest bonds in the aggregate principal amount of $9,000,000. The 2012 Series A Bonds are subject to optional redemption on or after August 1, 2022, at a redemption price of 100% of the principal amount being redeemed, plus any accrued interest, without premium.

Proceeds of the Refunding Bonds are being issued by the District, in part, to refund, on an advance basis, certain maturities of the 2012 Series A Bonds (the "**Refunded Bonds**"), as more particularly identified in the following tables.

**TAFT CITY SCHOOL DISTRICT**
**Identification of Refunded Bonds**

| Maturity Date (August 1) | CUSIP† | Principal Amount | Redemption Date | Redemption Price |
|---|---|---|---|---|
| 2028 | 873648 DJ5 | $250,000 | 08/01/2022 | 100% |
| 2029 | 873648 DK2 | 275,000 | 08/01/2022 | 100% |
| 2030 | 873648 DL0 | 300,000 | 08/01/2022 | 100% |
| 2031 | 873648 DM8 | 300,000 | 08/01/2022 | 100% |
| 2032 | 873648 DF3 | 335,000 | 08/01/2022 | 100% |
| 2033 | 873648 DN6 | 360,000 | 08/01/2022 | 100% |
| 2034 | 873648 DP1 | 385,000 | 08/01/2022 | 100% |
| 2037 T | 873648 DG1 | 1,325,000 | 08/01/2022 | 100% |
| Total | -- | $3,530,000 | -- | -- |

*† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.*
*T Term Bond.*

### Deposits in Escrow Fund

The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank National Association, as escrow bank (the "**Escrow Bank**"), for deposit in an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**"), between the District and the Escrow Bank. The Escrow Bank will invest such funds in certain federal securities ("**Escrow Fund Securities**") and/or hold funds in cash, and will apply such funds, together with interest earnings (if any) on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**). See

"VERIFICATION OF MATHEMATICAL ACCURACY" herein. As a result of the deposit of funds with the Escrow Bank on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

*The Escrow Fund Securities, if any, and cash held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Refunding Bonds*.

## THE REFUNDING BONDS

### Authority for Issuance

The Refunding Bonds will be issued under the authority of and pursuant to the Bond Law and the Bond Resolution.

### Description of the Refunding Bonds

The Refunding Bonds are being issued as current interest bonds. The Refunding Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Refunding Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Refunding Bonds. See "- Book-Entry Only System" below and APPENDIX F.

The Refunding Bonds shall be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Refunding Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2022 (each, an **"Interest Payment Date"**). Each Refunding Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15th day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2022, in which event it will bear interest from the date of delivery of the Refunding Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Refunding Bond is in default at the time of authentication thereof, such Refunding Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Refunding Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Refunding Bonds.

### Paying Agent

U.S. Bank National Association, will act as the registrar, transfer agent, and paying agent for the Refunding Bonds (the **"Paying Agent"**). As long as DTC is the registered owner of the Refunding Bonds and DTC's book-entry method is used for the Refunding Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Refunding Bonds called for redemption or of any other action covered by such notice.

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

**Redemption**

***Optional Redemption.*** The Refunding Bonds maturing on or before August 1, 2031 are not subject to redemption prior to maturity. The Refunding Bonds maturing on or after August 1, 2033 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2031, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

For the purpose of selection for optional redemption, Refunding Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed.

***Mandatory Sinking Fund Redemption.*** The Refunding Bonds maturing on August 1, 2026, August 1, 2028, August 1, 2033, August 1, 2035 and August 1, 2037 (collectively, the "**Term Bonds**"), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the respective schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments in the amounts and on the dates set forth below, respectively, without premium.

**$160,000 Principal Amount Term Bonds Maturing August 1, 2026**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2022 | $45,000 |
| 2023 | 30,000 |
| 2024 | 30,000 |
| 2025 | 25,000 |
| 2026 (maturity) | 30,000 |

**$310,000 Principal Amount Term Bonds Maturing August 1, 2028**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2027 | $30,000 |
| 2028 (maturity) | 280,000 |

**$720,000 Principal Amount Term Bonds Maturing August 1, 2033**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2032 | $350,000 |
| 2033 (maturity) | 370,000 |

**$805,000 Principal Amount Term Bonds Maturing August 1, 2035**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2034 | $390,000 |
| 2035 (maturity) | 415,000 |

**$890,000 Principal Amount Term Bonds Maturing August 1, 2037**

| Redemption Date (August 1) | Sinking Fund Redemption |
|---|---|
| 2036 | $435,000 |
| 2037 (maturity) | 455,000 |

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

**Partial Redemption of Refunding Bonds**

Upon the surrender of any Refunding Bond redeemed in part only, the Paying Agent shall execute and deliver to the owner thereof a new Refunding Bond or Refunding Bonds of like tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Refunding Bonds surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

**Selection of Refunding Bonds for Redemption**

Whenever less than all of the outstanding maturities of the Refunding Bonds is designated for redemption, the Paying Agent shall select the maturities to be redeemed as directed by the District. Whenever less than all of the outstanding Refunding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the outstanding Refunding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Refunding Bond will be deemed to consist of individual bonds of $5,000 denominations each which may be separately redeemed.

**Notice of Redemption**

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Refunding Bonds designated for redemption, at their addresses appearing on the records maintained by the Paying Agent for the registration of ownership and registration of transfer of the Refunding Bonds (the "**Registration Books**"). Such mailing is not a condition precedent to such redemption and the failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Refunding Bonds. In addition, the Paying Agent will give notice of redemption by telecopy or certified, registered or overnight mail to the Municipal Securities Rulemaking Board and each of the Securities Depositories at least two days prior to such mailing to the Refunding Bond Owners.

Such notice may be conditional and shall state the redemption date and the redemption price and, if less than all of the then outstanding Refunding Bonds are to be called for redemption, shall designate the serial numbers of the Refunding Bonds to be redeemed by giving the individual number of each Refunding Bond or by stating that all Refunding Bonds between two stated numbers, both inclusive, or by stating that all of the Refunding Bonds of one or more maturities have been called for redemption, and shall require that such Refunding Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Refunding Bonds will not accrue from and after the redemption date.

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

**Right to Rescind Notice of Redemption**

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

**Defeasance**

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

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

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

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

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

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

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

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

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

## Book-Entry Only System

The Refunding Bonds will be registered initially in the name of "Cede & Co.," as nominee of DTC, which has been appointed as securities depository for the Refunding Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Refunding Bonds. Principal of the Refunding Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Refunding Bonds as described herein. See APPENDIX F for additional information about DTC's book-entry only system.

## Registration, Transfer and Exchange of Bonds

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

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

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

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

## DEBT SERVICE SCHEDULES

***The Refunding Bonds.*** The following table shows the annual debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions).

**TAFT CITY SCHOOL DISTRICT**
**Annual Debt Service Schedule**
**2021 General Obligation Refunding Bonds**

| Date (August 1) | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $45,000.00 | $69,744.15 | $114,744.15 |
| 2023 | 30,000.00 | 84,637.66 | 114,637.66 |
| 2024 | 30,000.00 | 84,321.76 | 114,321.76 |
| 2025 | 25,000.00 | 84,005.86 | 109,005.86 |
| 2026 | 30,000.00 | 83,742.60 | 113,742.60 |
| 2027 | 30,000.00 | 83,426.70 | 113,426.70 |
| 2028 | 280,000.00 | 82,932.60 | 362,932.60 |
| 2029 | 300,000.00 | 78,321.00 | 378,321.00 |
| 2030 | 320,000.00 | 72,984.00 | 392,984.00 |
| 2031 | 315,000.00 | 66,811.20 | 381,811.20 |
| 2032 | 350,000.00 | 60,419.86 | 410,419.86 |
| 2033 | 370,000.00 | 52,618.36 | 422,618.36 |
| 2034 | 390,000.00 | 44,371.06 | 434,371.06 |
| 2035 | 415,000.00 | 34,468.96 | 449,468.96 |
| 2036 | 435,000.00 | 23,932.10 | 458,932.10 |
| 2037 | 455,000.00 | 12,234.96 | 467,234.96 |
| Total | $3,820,000.00 | $1,018,972.83 | $4,838,972.83 |

***Combined General Obligation Bonds***. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* taxes, following the issuance of the Refunding Bonds, assuming no optional redemptions. See "GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT- DISTRICT FINANCIAL INFORMATION - Long-Term Indebtedness" in APPENDIX A" for additional information.

| Period Ending Aug. 1 | Election of 2001, Series 2001A Bonds | Election of 2001, Series 2005A Bonds | Election of 2012, Series A | Election of 2012, Series B | 2014 Refunding Bonds | 2017 Refunding Bonds | Refunding Bonds | Total |
|---|---|---|---|---|---|---|---|---|
| 2022 | $1,300,000.00 | -- | $156,000.00 | $27,112.50 | $528,756.88 | $452,975.00 | $114,744.15 | $2,579,588.53 |
| 2023 | 1,360,000.00 | -- | -- | 41,300.00 | 550,506.86 | 609,975.00 | 114,637.66 | 2,676,419.52 |
| 2024 | 1,425,000.00 | -- | -- | -- | 565,316.02 | 669,575.00 | 114,321.76 | 2,774,212.78 |
| 2025 | 1,485,000.00 | -- | -- | -- | 588,226.26 | 686,375.00 | 109,005.86 | 2,868,607.12 |
| 2026 | 1,555,000.00 | $435,000.00 | -- | -- | 179,096.56 | 706,975.00 | 113,742.60 | 2,989,814.16 |
| 2027 | -- | 2,100,000.00 | -- | -- | 176,846.70 | 724,075.00 | 113,426.70 | 3,114,348.40 |
| 2028 | -- | 2,200,000.00 | -- | -- | 179,346.36 | 495,150.00 | 362,932.60 | 3,237,428.96 |
| 2029 | -- | 2,305,000.00 | -- | -- | 181,346.46 | 495,650.00 | 378,321.00 | 3,360,317.46 |
| 2030 | -- | 2,415,000.00 | -- | -- | 182,846.70 | 505,525.00 | 392,984.00 | 3,496,355.70 |
| 2031 | -- | -- | -- | -- | 188,845.98 | 529,750.00 | 381,811.20 | 1,100,407.18 |
| 2032 | -- | -- | -- | -- | -- | 532,875.00 | 410,419.86 | 943,294.86 |
| 2033 | -- | -- | -- | -- | -- | 540,075.00 | 422,618.36 | 962,693.36 |
| 2034 | -- | -- | -- | -- | -- | 551,825.00 | 434,371.06 | 986,196.06 |
| 2035 | -- | -- | -- | -- | -- | 552,975.00 | 449,468.96 | 1,002,443.96 |
| 2036 | -- | -- | -- | -- | -- | 573,825.00 | 458,932.10 | 1,032,757.10 |
| 2037 | -- | -- | -- | -- | -- | 583,775.00 | 467,234.96 | 1,051,009.96 |
| 2038 | -- | -- | -- | -- | -- | 1,087,681.26 | -- | 1,087,681.26 |
| 2039 | -- | -- | -- | -- | -- | 1,120,493.76 | -- | 1,120,493.76 |
| 2040 | -- | -- | -- | -- | -- | 1,146,431.26 | -- | 1,146,431.26 |
| 2041 | -- | -- | -- | -- | -- | 1,170,650.00 | -- | 1,170,650.00 |
| 2042 | -- | -- | -- | -- | -- | 1,171,850.00 | -- | 1,171,850.00 |
| 2043 | -- | -- | -- | -- | -- | 986,912.50 | -- | 986,912.50 |
| 2044 | -- | -- | -- | -- | -- | 1,011,850.00 | -- | 1,011,850.00 |
| TOTAL | $7,125,000.00 | $9,455,000.00 | $156,000.00 | $68,412.50 | $3,321,134.78 | $16,907,243.78 | $4,838,972.83 | $41,871,763.89 |

## SOURCES AND USES OF FUNDS

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

| | |
|---|---|
| **Sources of Funds** | |
| Principal Amount of Refunding Bonds | $3,820,000.00 |
| **Total Sources** | **$3,820,000.00** |
| | |
| **Uses of Funds** | |
| Escrow Fund | $3,660,293.76 |
| Costs of Issuance(1) | 159,706.24 |
| **Total Uses** | **$3,820,000.00** |

*(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, legal fees, the municipal advisor, the Paying Agent, Escrow Bank, bond insurance premium and the rating agency.*

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## SECURITY FOR THE REFUNDING BONDS

### *Ad Valorem* Taxes

***Refunding Bonds Payable from* Ad Valorem *Property Taxes.*** The Refunding Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected within the District by the County. The County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of the Refunding Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest and redemption premium, if any, on the Refunding Bonds out of any funds or properties of the District other than *ad valorem* property taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

***Other Bonds Payable from* Ad Valorem *Property Taxes***. The District has previously issued other general obligation bonds, which are payable from *ad valorem* property taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt" below.

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

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

***Statutory Lien on Ad Valorem Tax Revenues.*** In accordance with Section 53515 of the California Government Code, the Refunding Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem tax imposed to service the Refunding Bonds. This lien automatically arises without the need for any action or authorization by the District or the Board. The revenues received pursuant to the levy and collection of the ad valorem tax shall be immediately subject to the lien, and the lien shall immediately attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

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

Economic and other factors beyond the District's control, such as economic recession, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value."

**Debt Service Fund**

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

If, after payment in full of the Refunding Bonds, any amounts remain on deposit in the Debt Service Fund, the District shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to its general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Not a County Obligation**

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

**COVID-19 Global Pandemic**

***Background.*** The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"**), which was first detected in China and spread throughout the world, including the United States, was declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the "**President**") and a state of emergency by the Governor of the State (the "**Governor**") in March 2020. Since said declarations, tremendous volatility in the financial markets occurred, and nations have taken actions to curb the spread including stay at home orders and other actions which have unknown long-term impacts including on worldwide and local economies. As of this date, several vaccines have been provided emergency approval by federal health authorities.

***Federal Response.*** The President's declaration of a national emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a $2 trillion relief package, being the largest stimulus bill in history, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package provided direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion for emergency grants to educational institutions and local educational agencies. This funding allocation included approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 pandemic.

On April 9, 2020, the Federal Reserve took actions aimed at providing up to $2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration's (**"SBA"**) Paycheck Protection Program (**"PPP"**), purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

On April 24, 2020, an additional $484 billion federal aid package was signed, providing additional funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

On December 27, 2020, the President signed the Coronavirus Response and Relief Supplemental Appropriations Act (the **"CRRSA Act"**), an additional $900 billion federal relief package intended to follow and expand on provisions of the CARES Act. The second largest stimulus bill in history, the measure includes another round of direct stimulus payments to individuals and families, extends unemployment benefits, expands the PPP, and provides approximately $82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the **"ARP Act"**), a $1.9 trillion economic stimulus plan that will provide another round of stimulus checks to individuals and families, extend federal supplemental unemployment benefits, provide more funding for state and local governments, expand subsidies for healthcare insurance, and provide additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions that will affect many industries, businesses, and individuals. With respect to relief for educational agencies, grants of $125.8 billion will be provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. Funding can be used for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment. At least 20% of the funding will have to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs. States that receive the grants cannot reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019.

***State Response.*** At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, the cancellation of gatherings of more than 250. On March 16, 2020, the State legislature passed $1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic. On March 19, 2020, the Governor issued a state-wide blanket shelter-in-place order, ordering all California residents to stay home except for certain essential purposes. The restrictions initially began to be rolled back in May 2020 in accordance with State and local guidelines. Thereafter, on August 28, 2020, the Governor released a system entitled "Blueprint for a Safer California" (the **"State Blueprint"**) aimed at reducing the spread of COVID-19. The State Blueprint placed the State's 58 counties into four color-coded tiers – purple, red, orange, and yellow, in descending order of severity – generally based on test positivity and adjusted case rate in the county. Each tier imposed restrictions on certain activities to reduce the spread. The tier system was ultimately terminated on June 15, 2021, following significant reductions in positivity and hospitalizations due to the availability of effective COVID-19 vaccines.

On February 23, 2021, the Governor signed legislation providing $7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid. It includes sending a $600 rebate to low-income, disabled and undocumented persons when 2020 taxes are filed, $2 billion in grants to help small business, $35 million for food and diaper banks and $400 million in subsidies for childcare providers. It also reverses cuts made last summer to public universities and State courts when the State experienced a record-breaking budget deficit.

Notwithstanding that several vaccines have been approved for public use with respect to COVID-19, the spread of COVID-19 and related variants is ongoing, and future actions to reduce its spread and its impact on global and local economies are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites*.

***Impact of COVID-19 Pandemic on Education***. The State's and other local (if any) shelter-in-place orders suspended in-person classroom instruction throughout schools in the State from March 2020 through the end of the academic year. School districts in the State generally commenced the 2020-21 academic year in accordance with the Governor's order of July 17, 2020 (Pandemic Plan for Learning and Safe Schools) and the State's Blueprint which resulted in significant amounts of distance learning as opposed to in-person instruction during the 2020-21 academic year.

On March 13, 2020, the Governor issued Executive Order N-26-20 which established a streamlined process for school closures in response to COVID-19, providing for continued State funding to support distance learning or independent study, subsidized school meals to low-income students, and continuing payment for school district employees, among other measures. In addition, Senate Bill 117 (March 17, 2020) was approved and addressed attendance issues and instructional hour requirements, among other items, and effectively holds school districts harmless from funding losses that could result from these issues under the State's education funding formulas. See "GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT-DISTRICT FINANCIAL INFORMATION - Education Funding Genreally" in APPENDIX A In addition, federal funding to school districts was made available to most school districts under the CARES Act, the CRRSA Act and the ARP Act.

On December 30, 2020, the Governor announced the Safe Schools for All Plan (**"SSFA Plan"**), a plan aimed at incentivizing schools to offer in-person learning. Some portions of the

SSFA Plan went into effect immediately, however on March 4, 2021 the legislature passed and on March 5, 2021 the Governor signed Senate and Assembly Bill 86, reaching an agreement on a school reopening plan, with the stated intent that schools offer in-person instruction to the greatest extent possible during the 2020-21 fiscal year. The plan provides schools with financial incentives totaling $2 billion to offer in-person instruction beginning on April 1 to students with extra needs or requiring special attention and, for students in some grades, depending on what tier their county is in under the State Blueprint. Funding is allocated based on LCFF funding. For districts not offering in-person instruction by April 1, funds decrease by one percent for each instructional day that schools are not open through May 15 (not including scheduled vacation days) and after May 15, eligibility ceases. Funds obtained must primarily be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts must continue to offer distance learning options.

The State's fiscal year 2021-22 Budget passed by the Legislature on June 14, 2021 together with related legislation approved on June 28, 2021, and signed by the Governor, makes historic levels of funding available for educational purposes, including funding the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses, expanded learning programs and increased special education funding, among others.

Information on the District's response to the COVID-19 pandemic can be found in Appendix A under the heading "DISTRICT GENERAL INFORMATION - District's Response to COVID-19 Pandemic."

***Impacts of COVID-19 Pandemic on Global and Local Economies Cannot be Predicted; Potential Declines in State and Local Revenues.*** The COVID-19 public health emergency altered the behavior of businesses and people in a manner that may have negative impacts on global and local economies, including the economy of the State. A substantial increase in unemployment and a decline in State revenues including derived from personal income tax receipts have occurred. The District cannot predict the short or long term impacts the COVID-19 emergency and the responses of federal, State or local governments thereto, will have on global, State-wide and local economies, which could impact District operations and finances, and local property values. For more detail regarding the State's current budget, and related reports and outlooks, see Appendix A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

***General Obligation Bonds Secured by* Ad Valorem *Tax Revenues.*** Notwithstanding the impacts the COVID-19 emergency may have on the economy in the State, the County and the District or on the District's general purpose revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, and are not payable from the general fund of the District. The District cannot predict the impacts that the Coronavirus emergency might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Taxes" and "PROPERTY TAXATION – Tax Levies and Delinquencies" herein.

# PROPERTY TAXATION

## Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, Senate Bill 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

## Taxation of State-Assessed Utility Property

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

**Assessed Valuations**

***Assessed Valuation History***. The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see APPENDIX A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

The following table sets forth a recent history of the assessed value in the District.

**TAFT CITY SCHOOL DISTRICT**
**ASSESSED VALUATION**
**FISCAL YEARS 2010-11 THROUGH 2020-21**

| Fiscal Year | Local Secured | Utility | Unsecured | Total | % Change |
|---|---|---|---|---|---|
| 2010-11 | $2,361,353,837 | $1,486,417 | $71,940,862 | $2,434,781,116 | --% |
| 2011-12 | 2,492,089,686 | 1,503,865 | 71,582,008 | 2,565,175,559 | 5.4 |
| 2012-13 | 2,585,125,253 | 493,784 | 81,144,373 | 2,666,763,410 | 4.0 |
| 2013-14 | 2,477,043,713 | 493,784 | 71,623,407 | 2,549,160,904 | (4.4) |
| 2014-15 | 2,842,232,031 | 493,784 | 78,447,906 | 2,921,173,721 | 14.6 |
| 2015-16 | 1,911,326,333 | 493,784 | 81,302,751 | 1,993,122,868 | (31.8) |
| 2016-17 | 1,466,315,750 | 397,972 | 60,213,506 | 1,526,927,228 | (23.4) |
| 2017-18 | 1,799,549,223 | 397,972 | 51,566,614 | 1,851,513,809 | 21.3 |
| 2018-19 | 1,837,656,484 | 397,972 | 47,665,842 | 1,885,720,298 | 1.8 |
| 2019-20 | 2,119,828,206 | 397,972 | 34,652,443 | 2,154,878,721 | 14.3 |
| 2020-21 | 1,958,629,843 | 305,914 | 35,615,902 | 1,994,551,659 | (7.4) |

*Source: California Municipal Statistics, Inc.*

***Factors Relating to Increases/Decreases in Assessed Value.*** As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, pandemics, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, floods, droughts or pandemics.

The District is situated in a seismically active region of the State. The City is located approximately ten miles to the northeast across the Temblor Range from the San Andreas fault zone.

Wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District's boundaries, the District cannot predict or make any representations regarding the effects that earthquakes, wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017, which resulted in related severe flooding and mudslides in certain regions. On July 8, 2021, the Governor declared a drought emergency in 50 of the State's 58 counties, which includes the County, citing above average temperature and dry conditions. The declaration did not impose mandatory consumption cutbacks, but asked residents to voluntarily cut water consumption by 15% compared with last year. There can be no guarantee that the State will not implement additional strategies to alleviate problems that arise during a period of drought.

The District cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

See also "SECURITY FOR THE REFUNDING BONDS – COVID-19 Global Pandemic."

***Property Tax Base Transfer Ballot Measure.*** On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("**Proposition 19**"), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

***Assessed Valuation by Land Use.*** The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2020-21. As shown, the majority of the District's assessed valuation is represented by residential property.

**TAFT CITY SCHOOL DISTRICT**
**Local Secured Property Assessed Valuation and Parcels by Land Use**
**Fiscal Year 2020-21**

| **Non-Residential:** | **2020-21 Assessed Valuation (1)** | **% of Total** | **No. of Parcels** | **% of Total** |
|---|---|---|---|---|
| Agricultural | $ 90,147,333 | 4.60% | 330 | 4.61% |
| Commercial | 82,967,973 | 4.24 | 322 | 4.49 |
| Vacant Commercial | 3,488,757 | 0.18 | 115 | 1.61 |
| Industrial | 58,826,528 | 3.00 | 81 | 1.13 |
| Vacant Industrial | 4,448,455 | 0.23 | 41 | 0.57 |
| Recreational | 3,398,656 | 0.17 | 12 | 0.17 |
| Oil & Gas Production/Mineral Rights | 1,190,194,485 | 60.77 | 261 | 3.64 |
| Government/Social/Institutional | 1,818,256 | 0.09 | 34 | 0.47 |
| Subtotal Non-Residential | $1,435,290,443 | 73.28% | 1,196 | 16.69% |
| **Residential:** | | | | |
| Single Family Residence | $423,302,154 | 21.61% | 4,152 | 57.96% |
| Condominium/Townhouse | 4,769,146 | 0.24 | 54 | 0.75 |
| Mobile Home Park | 3,511,174 | 0.18 | 6 | 0.08 |
| Mobile Home | 40,339,618 | 2.06 | 353 | 4.93 |
| 2-4 Residential Units | 26,926,293 | 1.37 | 305 | 4.26 |
| 5+ Residential Units/Apartments | 8,358,923 | 0.43 | 27 | 0.38 |
| Vacant Residential | 16,132,092 | 0.82 | 1,071 | 14.95 |
| Subtotal Residential | $523,339,400 | 26.72% | 5,968 | 83.31% |
| **Total** | $1,958,629,843 | 100.00% | 7,164 | 100.00% |

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

***Assessed Valuation of Single Family Residential Parcels.*** The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2020-21, including the median and average assessed value of single-family parcels in the District.

**TAFT CITY SCHOOL DISTRICT**
**Per Parcel Assessed Valuation of Single Family Homes**
**Fiscal Year 2020-21**

| | No. of Parcels | 2020-21 Assessed Valuation | Average Assessed Valuation | Median Assessed Valuation |
|---|---|---|---|---|
| **Single Family Residential** | 4,152 | $423,302,154 | $101,951 | $82,927 |

| 2020-21 Assessed Valuation | No. of Parcels (1) | % of Total | Cumulative % of Total | Total Valuation | % of Total | Cumulative % of Total |
|---|---|---|---|---|---|---|
| $0 - $24,999 | 315 | 7.587% | 7.587% | $ 5,600,045 | 1.323% | 1.323% |
| $25,000 -$49,999 | 875 | 21.074 | 28.661 | 32,698,996 | 7.725 | 9.048 |
| $50,000 - $74,999 | 724 | 17.437 | 46.098 | 44,497,488 | 10.512 | 19.560 |
| $75,000 - $99,999 | 513 | 12.355 | 58.454 | 44,766,368 | 10.576 | 30.135 |
| $100,000 - $124,999 | 413 | 9.947 | 68.401 | 46,370,118 | 10.954 | 41.090 |
| $125,000 - $149,999 | 410 | 9.875 | 78.276 | 56,140,076 | 13.262 | 54.352 |
| $150,000 - $174,999 | 276 | 6.647 | 84.923 | 44,863,231 | 10.598 | 64.950 |
| $175,000 - $199,999 | 217 | 5.226 | 90.149 | 40,417,461 | 9.548 | 74.499 |
| $200,000 - $224,999 | 147 | 3.540 | 93.690 | 31,082,229 | 7.343 | 81.841 |
| $225,000 - $249,999 | 80 | 1.927 | 95.617 | 18,943,412 | 4.475 | 86.316 |
| $250,000 - $274,999 | 58 | 1.397 | 97.013 | 15,130,943 | 3.575 | 89.891 |
| $275,000 - $299,999 | 42 | 1.012 | 98.025 | 12,004,893 | 2.836 | 92.727 |
| $300,000 - $324,999 | 28 | 0.674 | 98.699 | 8,706,679 | 2.057 | 94.784 |
| $325,000 - $349,999 | 20 | 0.482 | 99.181 | 6,681,955 | 1.579 | 96.362 |
| $350,000 - $374,999 | 8 | 0.193 | 99.374 | 2,865,679 | 0.677 | 97.039 |
| $375,000 - $399,999 | 7 | 0.169 | 99.542 | 2,721,142 | 0.643 | 97.682 |
| $400,000 - $424,999 | 5 | 0.120 | 99.663 | 2,077,411 | 0.491 | 98.173 |
| $425,000 - $449,999 | 3 | 0.072 | 99.735 | 1,313,139 | 0.310 | 98.483 |
| $450,000 - $474,999 | 2 | 0.048 | 99.783 | 933,773 | 0.221 | 98.704 |
| $475,000 - $499,999 | 0 | 0.000 | 99.783 | 0 | 0.000 | 98.704 |
| $500,000 and greater | 9 | 0.217 | 100.000 | 5,487,116 | 1.296 | 100.000 |
| | 4,152 | 100.000% | | $423,302,154 | 100.000% | |

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

## Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution” in APPENDIX A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of

Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Refunding Bonds to increase accordingly, so that the fixed debt service on the Refunding Bonds (and other outstanding general obligation bonds, if any) may be paid.

**Typical Tax Rates**

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 124-002) within the District for fiscal years 2016-17 through 2020-21.

**TAFT CITY SCHOOL DISTRICT**
**Typical Total Tax Rates per $100 of Assessed Valuation (TRA 124-002)[(1)]**
**Fiscal Years 2016-17 through 2020-21**

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---|---|---|---|---|
| General Tax Rate | $1.000000 | $1.000000 | $1.000000 | $1.000000 | $1.000000 |
| Kern County Water Agency | .025261 | .029707 | .028063 | .032519 | .029983 |
| Taft School District | .126144 | .096574 | .108109 | .096927 | .101859 |
| West Kern CCD | .079051 | .005797 | .019796 | .033141 | .028465 |
| Total Tax Rate | $1.230456 | $1.132078 | 1.155968 | $1.162587 | $1.160307 |

(1) 2020-21 assessed valuation of TRA 124-002 is $322,419,365 which is 50.89% of the District's total assessed valuation.
*Source: California Municipal Statistics, Inc.*

**Tax Levies and Delinquencies; Teeter Plan**

The Board of Supervisors of the County adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, "to accomplish a simplification of the tax-levying and tax apportioning process and an increased flexibility in the use of available cash resources." This alternative method is used for distribution of the *ad valorem* property tax revenues on the secured roll.

The County is responsible for determining the amount of the *ad valorem* tax levy on each parcel in the District, which is entered onto the secured real property tax roll. Upon completion of the secured real property tax roll, the County auditor determines the total amount of taxes and assessments actually extended on the roll for each fund for which a tax levy has been included, and apportions 100 percent of the tax and assessment levies on the secured roll to that fund's credit. Such monies may thereafter be drawn against by the taxing agency in the same manner as if the amount credited had been collected.

Under the Teeter Plan, the County establishes the Tax Loss Reserve Fund. The County determines which monies in the County treasury (including those credited to the Tax Loss Reserve Fund) shall be available to be drawn onto the extent of the amount of uncollected taxes credited to each fund for which a levy has been included. When amounts are received on the secured tax roll for the current year, or for redemption of tax-defaulted property, Teeter Plan monies are distributed to the apportioned tax resources accounts. The tax losses reserve fund is used exclusively to cover lost income occurring as a result of tax-defaulted property. Monies in this fund are derived from several sources. While amounts collected as costs are distributed to the County's general fund, delinquent penalty collections are distributed to the tax losses reserve fund.

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

Notwithstanding the above, the tables below show secured tax charge and delinquency rates for fiscal years 2014-15 through 2019-20.

**TAFT CITY SCHOOL DISTRICT**
**Secured Tax Charges and Delinquencies[1]**
**Fiscal Years 2014-15 through 2019-20**

| Fiscal Year | Secured Tax Charge [2] | Amount Delinquent June 30 | % Delinquent June 30 |
|---|---|---|---|
| 2014-15 | $8,363,952.31 | $108,846.73 | 1.30% |
| 2015-16 | 5,621,290.67 | 70,110.13 | 1.25 |
| 2016-17 | 4,355,290.67 | 58,688.95 | 1.35 |
| 2017-18 | 5,299,282.07 | 62,652.89 | 1.18 |
| 2018-19 | 5,426,033.88 | 68,533.51 | 1.26 |
| 2019-20 | 6,022,140.73 | 98,021.50 | 1.63 |

(1) Kern County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the county retaining all penalties and interest.
(2) 1% General Fund apportionment.
Source: *California Municipal Statistics, Inc.*

**TAFT CITY SCHOOL DISTRICT**
**Secured Tax Charges and Delinquencies[1]**
**Fiscal Years 2014-15 through 2019-20**

| Fiscal Year | Secured Tax Charge [2] | Amount Delinquent June 30 | % Delinquent June 30 |
|---|---|---|---|
| 2014-15 | $1,921,303.97 | $14,438.36 | 0.75% |
| 2015-16 | 5,110,511.27 | 24,155.48 | 0.47 |
| 2016-17 | 2,020,314.03 | 31,772.24 | 1.57 |
| 2017-18 | 1,842,641.67 | 23,101.58 | 1.25 |
| 2018-19 | 2,148,921.16 | 29,848.80 | 1.39 |
| 2019-20 | 1,854,426.88 | 39,568.57 | 2.13 |

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

### Largest Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2020-21. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

**TAFT CITY SCHOOL DISTRICT**
**Top 20 Secured Property Taxpayers**
**Fiscal Year 2020-21**

| | Property Owner | Primary Land Use | 2020-21 Assessed Valuation | % of Total (1) |
|---|---|---|---|---|
| 1. | California Resources Elk Hills LLC | Oil & Gas Production | $ 624,232,551 | 31.87% |
| 2. | Berry Petroleum Company LLC | Oil & Gas Production | 365,209,533 | 18.65 |
| 3. | Chevron USA Inc. | Oil & Gas Production | 85,227,110 | 4.35 |
| 4. | Aera Energy LLC | Oil & Gas Production | 81,195,021 | 4.15 |
| 5. | Sentinel Peak Resources Cal LLC | Oil & Gas Production | 49,974,831 | 2.55 |
| 6. | Maricopa Orchards LLC | Agricultural | 27,017,124 | 1.38 |
| 7. | TRC Cypress Group LLC / TRC Operating Co. | Oil & Gas Production | 25,848,043 | 1.32 |
| 8. | Bear Valley Plaza LLC | Commercial | 11,870,851 | 0.61 |
| 9. | Taft Production Co. | Industrial | 9,055,354 | 0.46 |
| 10. | J.G. Boswell Co. | Agricultural | 8,216,742 | 0.42 |
| 11. | Grapeman 476 Ranch LP | Agricultural | 6,117,150 | 0.31 |
| 12. | Taft Plaza LLC | Commercial | 4,840,821 | 0.25 |
| 13. | Deepa Investments & Lodging LLC | Motel | 4,375,660 | 0.22 |
| 14. | Beard Family Trust | Industrial | 4,186,207 | 0.21 |
| 15. | Copus River Farms LLC | Agricultural | 4,108,675 | 0.21 |
| 16. | C & A Farms LLC | Agricultural | 3,366,999 | 0.17 |
| 17. | Fred S. Holmes | Oil & Gas Production | 3,288,000 | 0.17 |
| 18. | Pavia Associates | Commercial | 3,190,000 | 0.16 |
| 19. | Colston Properties LLC | Industrial | 3,154,916 | 0.16 |
| 20. | Buena Vista LLC | Mobile Home Park | 3,045,912 | 0.16 |
| | | | $1,327,521,500 | 67.78% |

(1) 2020-21 local secured assessed valuation: $1,958,629,843.
*Source: California Municipal Statistics, Inc.*

**Debt Obligations**

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of July 1, 2021. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

**TAFT CITY SCHOOL DISTRICT**
**Statement of Direct and Overlapping Bonded Debt**
**(As of July 1, 2021)**

**2020-21 Assessed Valuation:** $1,994,551,659

| **DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:** | **% Applicable** | **Debt 7/1/21** |
|---|---|---|
| West Kern Community College District | 24.401% | $ 6,735,876 |
| **Taft School District** | **100.000** | **23,734,745**(1) |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | $30,470,621 |
| | | |
| OVERLAPPING GENERAL FUND DEBT: | | |
| Kern County Certificates of Participation | 2.027% | $ 1,832,165 |
| Kern County Pension Obligation Bonds | 2.027 | 3,049,858 |
| Kern County Board of Education Certificates of Participation | 2.027 | 685,835 |
| West Kern Community College District Certificates of Participation | 24.401 | 7,587,491 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | $13,155,349 |
| | | |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): | | $1,768,000 |
| | | |
| COMBINED TOTAL DEBT | | $45,393,970 (2) |

Ratios to 2020-21 Assessed Valuation:
**Direct Debt ($23,734,745) .......................................................... 1.19%**
Total Direct and Overlapping Tax and Assessment Debt............. 1.53%
Combined Total Debt................................................................... 2.28%

Ratio to Redevelopment Incremental Valuation ($50,015,118):
Overlapping Tax Increment Debt................................................. 3.53%

(1) Includes the Refunded Bonds, but excludes the Refunding Bonds offered for sale hereunder.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
*Source: California Municipal Statistics, Inc.*

## BOND INSURANCE

*The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.*

### Bond Insurance Policy

Concurrently with the issuance of the Refunding Bonds, AGM will issue its Municipal Bond Insurance Policy for the Refunding Bonds (the "**Policy**"). The Policy guarantees the scheduled payment of principal of and interest on the Refunding Bonds when due as set forth in the form of the Policy included as Appendix H to this Official Statement.

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

### Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

*Capitalization of AGM*

At June 30, 2021:

- The policyholders' surplus of AGM was approximately $2,943 million.

- The contingency reserve of AGM was approximately $947 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

*Merger of Municipal Assurance Corp. ("**MAC**") into AGM*

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

*Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Refunding Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

*Miscellaneous Matters*

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

## TAX MATTERS

### Tax Exemption

The interest on the Refunding Bonds is not excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, San Francisco, California, interest on the Refunding Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with respect to the Refunding Bonds, which is to be delivered on the date of issuance of the Refunding Bonds, is set forth in APPENDIX D.

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

A copy of the proposed form of opinion of Bond Counsel is attached as APPENDIX D to this Official Statement.

## VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, interest and redemption premium requirements of the Refunded Bonds described under the heading “THE REFINANCING PLAN.”

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

## CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Refunding Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an **“Annual Report”**) not later than nine months after the end of the District’s fiscal year (which currently is June 30), commencing March 31, 2022, with the report for the 2020-21 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The filing of this Official Statement with the Municipal Securities Rulemaking Board will serve as the first Annual Report. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as APPENDIX E. These covenants have been made in order to assist the Underwriter of the Refunding Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **“Rule”**).

The District has prior undertakings pursuant to the Rule. In the previous five years, the District failed to file operating data required in connection with its General Obligation Bonds, Election of 2001, Series 2005A, and to timely file certain operating data in connection with other outstanding issuances for fiscal year 2015-2016. Such filings have since been made, and the District has engaged Isom Advisors, a Division of Urban Futures, Inc., to serve as dissemination agent with respect to each of its continuing disclosure undertakings, including the undertaking to be entered into for the Refunding Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District’s duties regarding continuing disclosure.

## CERTAIN LEGAL MATTERS

No litigation is pending or threatened concerning the validity of the Refunding Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Refunding Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive ad valorem taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Refunding 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. The District may be or may become a party to lawsuits and claims which are unrelated to the Refunding Bonds or actions taken with respect to the Refunding Bonds and which have arisen in the normal course of operating the District, including as a result of the COVID-19 pandemic. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its insured rating of "AA" to the Refunding Bonds, based on the understanding that AGM will deliver its Policy with respect to the Refunding Bonds at the time of delivery of the Refunding Bonds. See "BOND INSURANCE.

In addition, S&P has assigned an underlying rating of "A+" to the Refunding Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of S&P and an explanation of the significance of such ratings and outlooks may be obtained only from S&P. There is no assurance that any credit ratings given to the Refunding Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Refunding Bonds.

## UNDERWRITING

The Refunding Bonds are being sold to Raymond James & Associates, Inc. (the **"Underwriter"**), pursuant to a bond purchase agreement for the Refunding Bonds. The Underwriter has agreed to purchase the Refunding Bonds at a price of $3,781,800.00, representing the principal amount of the Refunding Bonds, less Underwriter's discount of $38,200.00.

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

## ADDITIONAL INFORMATION

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

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

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

## EXECUTION

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

**TAFT CITY SCHOOL DISTRICT**

By: *____________/s/ Julie Graves____________*
Superintendent

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# APPENDIX A

## GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

### DISTRICT GENERAL INFORMATION

### General Information

The District was established in 1932 and is located in the western portion of Kern County (the "**County**"), serving the Taft City (the "**City**") as well as unincorporated portions of the County. The District encompasses approximately 116 square miles and currently operates four elementary schools and two middle school. Enrollment in the District for the 2021-22 school year is budgeted for approximately 2,305 students.

See also APPENDIX C hereto for demographic and other statistical information regarding the City and County.

### Administration

***Board of Trustees.*** The District is governed by a five-member Board, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below:

| Name | Office | Term Expires |
|---|---|---|
| Greg Mudge | President | December 2024 |
| Les Clark | Vice President | December 2022 |
| Stacy Falgout | Clerk | December 2024 |
| Keith McElmurry | Member | December 2024 |
| Michael McCormick | Trustee Representative | December 2022 |

***Administrative Personnel***. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Julie Graves is currently the Superintendent of the District and Steven Gragg is the Chief Business Official.

## Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

**ANNUAL ENROLLMENT**
**Fiscal Years 2011-12 through 2021-22**
**Taft City School District**

| Fiscal Year | Enrollment | % Change |
|---|---|---|
| 2011-12 | 2,107 | -- |
| 2012-13 | 2,083 | (1.1)% |
| 2013-14 | 2,024 | (2.8) |
| 2014-15 | 2,079 | 2.7 |
| 2015-16 | 2,099 | 1.0 |
| 2016-17 | 2,216 | 5.6 |
| 2017-18 | 2,327 | 5.0 |
| 2018-19 | 2,341 | 0.6 |
| 2019-20 | 2,388 | 2.0 |
| 2020-21 | 2,322 | (2.8) |
| 2021-22(1) | 2,305 | (0.7) |

(1) Budgeted.
*Sources: California Department of Education; Taft City School District.*

## District's Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended to the 2019-20 academic year. The 2021-22 academic year has commenced in-person with an independent study option, pursuant to State law. The District will adjust its teaching modes as needed to adjust to all orders and mandates, with guidance from the State and local officials.

The District has receive and/or expects to receive $17,551,040 in combined one-time funds from federal and State sources resulting from the COVID-19 pandemic. The funds received by the District have been spent to date on addressing costs that have arisen due to COVID-19, such as acquiring personal protective equipment, cleaning and sanitizing facilities and technology needs to accommodate distance learning. Some of the expenses of the COVID-19 pandemic have been off-set by not operating sites on a full-time basis, such as reductions in costs relating to substitute teachers, reduced electricity costs and costs relating to transportation and fuel.

With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase. The District maintains reserves for economic uncertainties, which exceed the State required minimum reserve. See "DISTRICT FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves."

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

## Employee Relations

For fiscal year 2021-22, the District employs 115.0 full time equivalent certificated employees, 101.5 full time equivalent classified employees, and 36.0 management employees. There are two formal bargaining units operating in the District which are shown in the table below.

**TAFT CITY SCHOOL DISTRICT**
**Labor Organizations**

| Labor Organization | Types of Employees Represented | Contract Expiration Date |
|---|---|---|
| Taft Elementary Teachers Association | Certificated | June 30, 2022 |
| California School Employees Association | Classified | June 30, 2023 |

*Source: Taft City School District.*

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## DISTRICT FINANCIAL INFORMATION

### Education Funding Generally

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

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

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

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

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

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

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

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

Full implementation of LCFF occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year. Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2021-22 are set forth in the following table.

**Fiscal Year 2021-22 Base Grant* Under LCFF by Grade Span**
**(Targeted Base Grant)**

| Entitlement Factors per ADA | K-3 | 4-6 | 7-8 | 9-12 |
|---|---|---|---|---|
| Statutory COLA (2.31%) | $178 | $181 | $186 | $215 |
| 2020-21 Base Grant Per ADA | $7,880 | $7,999 | $8,236 | $9,544 |
| 2021-22 Funded COLA for LCFF (2.70%) | $213 | $216 | $222 | $258 |
| 2021-22 Base Grant per ADA before Grade Span Adjustments | $8,093 | $8,215 | $8,458 | $9,802 |
| Grade Span Adjustment Factors | 10.4% | -- | -- | 2.6% |
| Grade Span Adjustment Amounts | $842 | -- | -- | $255 |
| 2021-22 Adjusted Base Grants† | $8,935 | $8,215 | $8,458 | $10,057 |

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

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

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

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

## District Accounting Practices

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

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

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

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

## Financial Statements

***General***. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2020 Audited Financial Statements were prepared by Linger, Peterson & Shrum, Certified Public Accountants, Fresno, California, and are attached hereto as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official, Taft City School District, 820 Sixth Street, Taft, California 93268; telephone (661) 763-1521. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

***General Fund Revenues, Expenditures and Changes in Fund Balance***. The following tables show the audited income and expense statements for the District for the fiscal years 2015-16 through 2019-20. Due to a change in format this information is presented in two tables.

**TAFT CITY SCHOOL DISTRICT**
**Summary of General Fund**
**Revenues, Expenditures and Changes in Fund Balance**
**For Fiscal Year 2015-16 (Audited)**

| | Audited 2015-16 |
|---|---|
| **Revenues**: | |
| LCFF | $18,354,528 |
| Federal Revenues | 1,856,210 |
| Other State Revenues | 3,207,305 |
| State on-behalf payments | -- |
| Other Local Revenues | 1,483,639 |
| Total Revenues | 24,901,682 |
| | |
| **Expenditures**: | |
| Instruction | 13,448,276 |
| Supervision of Instruction | 303,018 |
| Instructional library, media, technology | 193,367 |
| School site administration | 1,303,660 |
| Home-to-school transportation | 804,266 |
| Food services | -- |
| All other pupil services | 1,028,641 |
| Data processing | 14,776 |
| All other general administration | 289,656 |
| Plant services | 1,494,501 |
| Facility acquisition and construction | 126,017 |
| Ancillary services | 1,902,402 |
| Community services | 286,689 |
| Other outgo | 1,055,161 |
| Debt service | 201,770 |
| Total Expenditures | 22,452,200 |
| | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,449,482 |
| | |
| Other Financing Sources (Uses) | |
| Operating transfers in | -- |
| Operating transfers out | -- |
| Total Other Financing Sources (Uses) | -- |
| | |
| Net change in fund balance | 2,449,482 |
| | |
| Fund Balances July 1 | 8,454,570 |
| Prior period adjustment | -- |
| Fund Balances June 30 | $10,904,052 |

*Source: Taft City School District*

## TAFT CITY SCHOOL DISTRICT
## Summary of General Fund
## Revenues, Expenditures and Changes in Fund Balance
## For Fiscals Year 2016-17 through 2019-20 (Audited)*

| | Audited 2016-17 | Audited 2017-18 | Audited 2018-19 | Audited 2019-20 |
|---|---|---|---|---|
| **Revenues**: | | | | |
| LCFF | $20,483,641 | $21,763,706 | $23,602,130 | $25,053,264 |
| Federal Revenues | 1,671,518 | 1,744,792 | 1,643,751 | 1,982,245 |
| Other State Revenues | 2,306,654 | 3,049,361 | 3,543,709 | 2,850,601 |
| Other Local Revenues | 1,414,715 | 1,867,505 | 1,894,148 | 2,082,128 |
| Total Revenues | 25,876,528 | 28,425,364 | 30,683,738 | 31,968,238 |
| **Expenditures**: | | | | |
| Instruction | 14,998,775 | 15,212,954 | 16,911,329 | 16,689,184 |
| Instruction-Related Services | 1,875,781 | 1,953,310 | 2,073,664 | 2,358,859 |
| Pupil Services | 1,945,796 | 2,142,391 | 2,445,319 | 2,493,986 |
| Ancillary Services | 19,240 | 24,942 | 26,089 | 25,208 |
| Community Services | 308,838 | 327,941 | 298,552 | 230,083 |
| General Administration | 1,890,740 | 1,932,330 | 2,075,816 | 2,087,361 |
| Plant Services | 1,878,265 | 2,634,375 | 2,882,584 | 2,809,564 |
| Other Outgo | 458,191 | 757,826 | 1,218,238 | 1,273,843 |
| Capital Outlay | 171,515 | 829,884 | 754,908 | 307,145 |
| Debt Service-Principal | 14,998,775 | 307,031 | 148,505 | 241,320 |
| Debt Service-Interest | 1,875,781 | 192,136 | 71,487 | 127,250 |
| Total Expenditures | 23,828,349 | 26,315,120 | 28,906,491 | 28,643,803 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,048,179 | 2,110,244 | 1,777,247 | 3,324,435 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 904,163 | 381,019 | 4,000,000 | 2,000,000 |
| Operating transfers out | (904,163) | (381,019) | (4,000,000) | (2,000,000) |
| Other Sources | -- | -- | 56,795 | -- |
| Total Other Financing Sources (Uses) | -- | -- | 56,795 | -- |
| Net change in fund balance | 2,048,179 | 2,110,244 | 1,834,042 | 3,324,435 |
| Fund Balances July 1 | 10,904,052 | 12,952,231 | 15,062,475 | 16,896,517 |
| Fund Balances June 30 | $12,952,231 | $15,062,475 | $16,896,517 | $20,220,952 |

*Audited financial statement for preceding years appear in the preceding table, because the audits were prepared using different formats.
*Source: Taft City School District*

## District Budget and Interim Financial Reporting

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

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

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

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

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

***District's Budget Approval/Disapproval and Certification History.*** In the past five years, each of the District interim reports were certified as positive, except for the District's 2017-18 second interim report which was certified as qualified, and each of the District's adopted budgets have been approved by the County Superintendent. The most recent interim report, the second interim for fiscal year 2020-21, was certified by the Board as positive.

Copies of the District's budgets, interim reports and certifications may be obtained upon request from the District. The District may impose charges for copying, mailing and handling.

*[Remainder of page intentionally left blank]*

***District's General Fund 2020-21 Estimated Actuals and 2021-22 Adopted Budget.*** The following table shows the income and expense statements for the District's General Fund for fiscal year 2020-21 (estimated actuals) and fiscal year 2021-22 (adopted budget).

**TAFT CITY SCHOOL DISTRICT**
**Revenues, Expenditures, and Changes in General Fund Balance**
**Fiscal Year 2020-21 (Estimated Actuals) and**
**Fiscal Year 2021-22 (Adopted Budget)[(1)(2)]**

| **Revenues** | **Estimated Actuals 2020-21** | **Adopted Budget 2021-22** |
|---|---|---|
| LCFF Sources | $25,089,408 | $26,625,654 |
| Federal revenues | 9,554,054 | 2,341,597 |
| Other state revenues | 2,047,711 | 3,672,216 |
| Other local revenues | 1,683,290 | 1,660,483 |
| Total Revenues | 38,374,463 | 34,299,950 |
| | | |
| Expenditures | | |
| Certificated salaries | 10,791,300 | 12,177,830 |
| Classified salaries | 4,172,484 | 4,089,130 |
| Employee benefits | 8,587,754 | 8,500,486 |
| Books and supplies | 8,680,316 | 2,727,922 |
| Contract services & operating exp. | 3,947,430 | 3,202,746 |
| Capital outlay | 1,016,929 | 1,416,929 |
| Other outgo (excluding indirect costs) | 1,294,758 | 1,323,109 |
| Other outgo – transfers of indirect costs | (117,964) | (117,964) |
| Total expenditures | 38,373,007 | 33,320,188 |
| | | |
| Excess of revenues over/(under) expenditures | 1,456 | 979,762 |
| | | |
| Other financing sources (Uses) | | |
| Operating transfers in | -- | -- |
| Operating transfers out | -- | -- |
| Total other financing sources (uses) | -- | -- |
| | | |
| Net change in fund balance | 1,456 | 979,762 |
| | | |
| Fund balance, July 1 | 8,944,347 | 8,945,803 |
| Other restatements | -- | -- |
| Fund balance, July 1- adjusted | -- | -- |
| Fund balance, June 30 | $8,945,803 | $9,925,565 |

(1) Columns may not sum to totals due to rounding.
(2) The District's reserves are not accounted for in its General Fund for purposes of budgeting and projections. As such, beginning and ending fund balance figures do not correspond with presentation of audited financial statements in the previous table, because the District's audits account for reserve funds within the General Fund.
*Source: Taft City School District.*

***District Reserves.*** The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets or exceeds the State's minimum requirements.

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

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

### Attendance - Revenue Limit and LCFF Funding

***Funding Trends under LCFF.*** As described herein, prior to fiscal year 2013-14, school districts in California received State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth total LCFF funding for the District for fiscal year 2015-16 through 2021-22 (budgeted) together with annual ADA.

**TAFT CITY SCHOOL DISTRICT**
**ADA and LCFF Funding**
**Fiscal Years 2015-16 through 2021-22 (Projected)**

| Fiscal Year | ADA | LCFF Funding |
|---|---|---|
| 2015-16 | 1,788 | $18,354,528 |
| 2016-17 | 2,127 | 20,483,643 |
| 2017-18 | 2,209 | 21,763,707 |
| 2018-19 | 2,218 | 23,602,131 |
| 2019-20 | 2,265 | 25,053,264 |
| 2020-21(1) | 2,265 | 25,089,408 |
| 2021-22(1) | 2,265 | 26,625,654 |

(1) Estimated Actuals/Budgeted.
*Source: Taft City School District.*

***District's Unduplicated Student Count.*** Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 88% for purposes of calculating supplemental and concentration grant funding under LCFF.

***Possible Impacts of Coronavirus.*** As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values cannot be predicted. The Refunding Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund.

**Revenue Sources**

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

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

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

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

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. The District is not a Community Supported District. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

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

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

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

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

***Other Local Revenues.*** In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

**District Retirement Systems**

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

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

**STRS Contributions**
**Taft City School District**
**Fiscal Years 2015-16 through 2021-22 (Projected)**

| Fiscal Year | Amount |
|---|---|
| 2015-16 | $902,304 |
| 2016-17 | 902,304 |
| 2017-18 | 1,133,545 |
| 2018-19 | 1,866,134 |
| 2019-20 | 1,706,311 |
| 2020-21[1] | 2,529,603 |
| 2021-22[1] | 2,489,122 |

(1) Estimated Actuals/Budgeted.
*Source: Taft City School District.*

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $102.6 billion as of June 30, 2019 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16 through 2020-21 were 10.73%, 12.58%, 14.43%, 16.28%, 17.10%, and 16.15% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2021-22 through fiscal year 2023-24 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (STRS)**
**Fiscal Years 2021-22 through 2023-24**

| Fiscal Year | Employer Contribution Rate[1] |
|---|---|
| 2021-22 | 16.92% |
| 2022-23 | 19.10 |
| 2023-24 | 19.10 |

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

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

**PERS Contributions**
**Taft City School District**
**Fiscal Years 2015-16 through 2021-22 (Projected)**

| Fiscal Year | Amount |
|---|---|
| 2015-16 | $400,141 |
| 2016-17 | 400,141 |
| 2017-18 | 491,279 |
| 2018-19 | 744,564 |
| 2019-20 | 842,043 |
| 2020-21(1) | 850,911 |
| 2021-22(1) | 931,873 |

(1) Estimated Actuals/Budgeted.
*Source: Taft City School District.*

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $32.7 billion as of June 30, 2020 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

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

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

*Source: PERS.*

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

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, and 2020-21 were 11.847%, 13.888%, 15.531%, 18.062%, 19.721%, and 20.700% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2021-22 through fiscal year 2023-24 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)**
**Fiscal Years 2021-22 through 2023-24(1)**

| Fiscal Year | Employer Contribution Rate(2) |
|---|---|
| 2021-22 | 22.91% |
| 2022-23 | 26.10 |
| 2023-24 | 27.10 |

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

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

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

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

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

COVID-19 Impacts: Recent investment losses in the PERS and STRS portfolios as a result of the general market downturn caused by the COVID-19 outbreak may result in increases in the District's required contributions in future years. The District cannot predict the level of such increases, if any.

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

**Other Post-Employment Retirement Benefits**

***Plan Description***. The health and welfare benefit plans (the "**Plan**") of the District include medical, prescription drug, and behavioral health insurance. The Plan of the District includes medical, prescription drug, and behavioral health insurance. The Plan includes a number of Blue Cross PPO options for employees and retirees, as well as a frozen PPO for retired teachers over age 65. Prescription drug coverage and behavioral health benefits are now provided as part of the medical plans. Companion Care Medicare Supplement with Navitus "9-35" is available to retirees with Medicare Parts A and B. The District does not pay for dental or vision coverage for its retirees. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC). There are 109 retirees currently receiving benefits, and 243 active employees who may become eligible to retire and receive benefits in the future. The District provides postemployment health care benefits ("**OPEB**") to eligible employees and their dependents under a single employer defined benefit OPEB plan.

***Benefits Provided***. Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Trustees. The OPEB Plan is administered by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire, as follows:

Certificated employees hired before April 24, 1991 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 20 consecutive years of service with the District. District-paid benefits continue for life, with a Medicare Supplement benefit being provided beginning at age 65. A named group of teachers who opted out of Medicare, Part A are eligible to receive a lifetime District contribution at least as great as that in effect for active employees. The District contributes toward the cost of Medical/Rx coverage for the retiree only. Spousal coverage may be purchased at the retiree's expense.

Classified and management employees hired before October 15, 1992 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 15 consecutive years of service with the District. District-paid benefits continue for life, with a Medicare Supplement benefit being provided beginning at age 65. The District contributes the full retiree-only premium for Medical/Rx coverage, capped at the active premium in effect at the time of the employee's retirement. Employees with at least 20 consecutive years of District service are not subject to the freeze at time of retirement.

Classified and management employees hired on or after October 15, 1992 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 15 consecutive years of service with the District. District-paid benefits end at age 65 or upon eligibility for other medical benefits, and are capped at the active premium in effect at the time of retirement. Classified employees must work at least four hours per day, five days per week to be eligible for benefits. The District contribution for a retiree who was a part-time employee is prorated by dividing the average number of hours worked by the employee during the last five years of employment by eight.

***Total OPEB Liability.*** The OPEB plan does not issue stand-alone financial reports that are available to the public.

***Actuarial Assumptions and Other Inputs.*** The District's total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified: inflation 2.75%, salary increases 2.75% per year, and healthcare cost trend rates 4.00%. Mortality rates are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table and 2009 CalSTRS Mortality table.

***Discount Rate.*** The discount rate of 3.50% was based on the Bond Buyer 20 Bond Index.

***Changes in OPEB Liability of the District.*** The changes in OPEB liability of the District as of June 30, 2020, are shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY**
**Taft City School District**

| | **Total OPEB Liability** |
|---|---|
| Balance at June 30, 2019 | $16,952,541 |
| Changes for the year: | |
| None | -- |
| Net changes | -- |
| Balance at June 30, 2020 | $16,952,541 |

*Source: Taft City School District Audit Report.*

***OPEB Expense.*** For the year ended June 30, 2020, the District recognized an OPEB expense of $3,817,119.

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

**Insurance – Joint Powers Agreement**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District participated in five joint ventures under joint power agreements ("**JPAs**") as follows: Partners in Nutrition Cooperative for commodities and other food items, School Legal Services for legal services, Self-Insured Schools of California I for workers compensation insurance, Self-Insured Schools of California II for property and liability insurance, and Self-Insured Schools of California III for health insurance.

The relationships between the District and the JPAs are such that none of the JPAs are component units of the District for financial reporting purposes. The JPAs provide insurance and services as noted for member school districts. Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board. Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA. Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

**Disclaimer Regarding Cyber Risks**

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Refunding Bonds, including the possibility of impacting the timely payments of debt service on the Refunding Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

## Existing Debt Obligations

***General Obligation Bonds***. The District received authorization at an election held on June 5, 2001, by a requisite two-thirds affirmative vote of the qualified electors to issue general obligation bonds in a principal amount not to exceed $20,000,000 (the "**2001 Authorization**"). The District has issued the entire amount of the 2001 Authorization.

The District also received authorization at an election held on June 5, 2012, by a requisite 55% affirmative vote of the qualified electors to issue general obligation bonds in a principal amount not to exceed $23,600,000 (the "**2012 Authorization**"). The District has $8,600,000 remaining under the 2012 Authorization.

The District's general obligation bonds and general obligation refunding bonds outstanding as of August 2, 2021 are shown in the following table (excluding the Refunding Bonds being offered for sale hereunder):

**Taft City School District**
**SUMMARY OF OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS**

| Issue Date | Issue Name | Amount of Original Principal | Outstanding 08/02/2021 |
|---|---|---|---|
| 08/30/2001 | GO Bonds, Election of 2001 Series 2001A | $11,499,922.30 | $1,259,922.30 |
| 08/25/2005 | GO Bonds, Election of 2001 Series 2005A | 5,999,108.90 | 2,689,108.90 |
| 09/26/2012 | GO Bonds, Election of 2012, Series A(1) | 9,000,000.00 | 3,680,000.00 |
| 10/30/2013 | GO Bonds, Election of 2012, Series B | 6,000,000.00 | 65,000.00 |
| 07/22/2014 | 2014 GO Refunding Bonds | 5,079,214.00 | 2,961,575.00 |
| 11/29/2017 | 2017 GO Refunding Bonds | 11,960,000.00 | 11,370,000.00 |
| Total | | $49,538,245.20 | $22,025,606.20 |

*(1) To be refunded, in part, with the proceeds of the Refunding Bonds described herein.*

See "DEBT SERVICE SCHEDULES" in the body of this Official Statement for the remaining debt service due on the District's outstanding general obligation bonds.

***Certificates of Participation.*** On August 4, 2021, the District executed and delivered its 2021 Refunding Certificates of Participation (the "**Certificates**"), currently outstanding in the aggregate principal amount of $2,795,000. The Certificates were issued for the purpose of defeasing and paying in full the 2015 Certificates of Participation, executed and delivered on October 1, 2015, for the purpose of financing the acquisition, construction and installation of certain capital improvements in the District. The Certificates mature August 1, 2040.

## Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

**Effect of State Budget on Revenues**

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

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

## STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

### State Funding of Education

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

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

The COVID-19 pandemic is expected to have a material impact on State revenues and appropriations.

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

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

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

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

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

**Recent State Budgets**

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

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

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

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

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

***Prior Years' Budgeting Techniques****.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic and subsequent economic recession, budget-cutting strategies such as those used in recent years are being used and may continue to be used in the future during a period of budgetary strain.

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

**2021-22 State Budget**

***Introduction and Background.*** The Governor signed the fiscal year 2021-22 State Budget (the "**2021-22 State Budget**") on July 16, 2021. The 2021-22 State Budget notes that the COVID-19 pandemic has tested the State's economy, and that the 2021-22 State Budget provides related relief. The 2021-22 State Budget includes an expansion to the previously enacted Golden State Stimulus, now providing tax refunds to middle-class families with an adjusted gross income of $75,000 or less. Qualified families will also be eligible for an additional $500 payment.

The budget also includes $25.2 billion in reserves, including $15.8 billion in the Proposition 2 Budget Stabilization Account ("**Rainy Day Fund**") for fiscal emergencies, $900 million in the Safety Net Reserve, $4.5 billion in the Public School System Stabilization Account, and an estimated $4 billion in the State's operating reserve.

***General Budget Highlights.*** Certain highlights of the 2021-22 State Budget are:

<u>Wildfire and Emergency Response and Preparedness:</u> During 2020, the State experienced the worst wildfire season in State history. To enhance the State's capabilities, the 2021-22 State Budget makes investments in emergency preparedness and response:

• <u>Wildfire Prevention</u>: The 2021-22 State Budget includes ongoing support for 30 additional fire crews, and investments in helicopters and large air tankers. The 2021-22 State Budget authorizes $958 million, in addition to the $536 million previously authorized, to support forest health and fire prevention activities.

• <u>Emergency Response and Preparedness</u>: $135 million in the 2021-22 State Budget is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including one-time $100 million funding to implement a program focused on building resiliency in disadvantaged communities.

<u>Homelessness and Housing Affordability</u>. The 2021-22 State Budget includes approximately $12 billion over two-year to combat homelessness.

<u>Health Care</u>. The 2021-22 State Budget assumes an ongoing $300 million commitment to improve the public health system beginning in 2022-23, based on analysis of lessons learned during the COVID-19 pandemic.

<u>Infrastructure and Environmental Issues</u>. The 2021-22 State Budget uses federal funds and one-time moneys to invest in the State's infrastructure and address environmental issues, including $500 million to accelerate the cleanup of contaminated properties throughout the State and investing in a notification system for residents to provide information about local pesticide use.

• Water Resilience and Drought. The 2021-22 State Budget commits approximately $5.1 billion over four years to the State's water resilience and drought preparedness response, $2.1 of which is committed to water resilience investments.

• Climate Resilience. The 2021-22 State Budget sets aside $2.7 billion over three years to address extreme heat, sea level rise and other infrastructure investments.

• Broadband. A $6 billion is invested in the 2021-22 State Budget to expand broadband infrastructure and increase access.

***K-12 Education Funding Summary.*** The 2021-22 State Budget includes funding of $123.9 billion, the highest level of funding in the State's history. The 2021-22 State Budget includes Proposition 98 funding of $93.7 billion, totaling $13,976, and $21,555 per pupil when accounting for all funding sources. In early 2021, the federal government allocated K-12 schools in the State funds of approximately $15 billion. The 2021-22 State Budget pays off all deferrals and invests in universal transitional kindergarten, increasing school staff and increasing access to school- based meals.

The 2021-22 State Budget requires that all school districts return to full-time in-person instruction for the 2021-22 school year, and one of only two ways in which districts can earn State apportionment funding in 2021-22. For children who do not return to in-person learning, the 2021-22 State Budget requires school districts and county offices of education to provide students with independent study options that ensure students are making satisfactory progress.

Certain priorities of K-12 funding in the 2021-22 State Budget include:

Rainy Day Fund: Under State law, there is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Rainy Day Fund is equal to or greater than 3% of the total K-12 share of the Proposition 98 guarantee. The balance of $4.5 billion in 2021-22 triggers school district will trigger reserve caps beginning in 2022-23.

Increasing College Affordability: The 2021-22 State Budget includes a 5% base budget increase for the University of California and California State University systems, and restores reductions from previous budgets. The 2021-22 State Budget also establishes college savings accounts for all public school students from low-income families and sets aside over $2 billion over three years to develop student housing.

LCFF: To help local agencies address ongoing fiscal pressures, the 2021-22 State Budget includes $520 million in Proposition 98 funding, providing a 1% increase in LCFF base funding, resulting in grown to LCFF of 5.07% over 2020-21 levels. The 2021-22 State Budget also eliminated all K-12 deferrals from the previous year's budget.

In addition, the 2021-22 State Budget focuses on funding for universal transitional kindergarten and State preschool, expanded-day instruction and enrichment for elementary school students, workforce training and retention and school nutrition.

## Disclaimer Regarding State Budgets

The execution of State budgets including the above may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2021-22 State Budget or subsequent State Budgets, will have on its own finances and operations.

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

***Availability of State Budgets.*** The complete 2021-22 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Refunding Bonds.

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

## Legal Challenges to State Funding of Education

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

## CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

### Constitutionally Required Funding of Education

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

### Article XIIIA of the California Constitution

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

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

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

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

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

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

**Article XIIIB of the California Constitution**

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

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

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

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

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

**Unitary Property**

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

**Articles XIIIC and XIIID of the California Constitution**

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

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

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

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

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

**Proposition 98**

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

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

**Proposition 111**

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

The most significant provisions of Proposition 111 are summarized as follows:

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

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

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

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

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

**Proposition 39**

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

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

**Proposition 1A and Proposition 22**

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

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

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

**Proposition 30 and Proposition 55**

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

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

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

### California Senate Bill 222

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

### Future Initiatives

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

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# APPENDIX B

## TAFT CITY SCHOOL DISTRICT
## AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2019-20

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# TAFT CITY SCHOOL DISTRICT
# COUNTY OF KERN
# TAFT, CALIFORNIA
# AUDIT REPORT
# JUNE 30, 2020

**Linger, Peterson & Shrum**
**Certified Public Accountants**
**575 East Locust Avenue, Suite 308**
**Fresno, California 93720-2928**

# Introductory Section

Taft City School District
Audit Report
For The Year Ended June 30, 2020

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## TABLE OF CONTENTS

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# Financial Section

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

## Independent Auditor's Report

To the Board of Trustees
Taft City School District
Taft, California 93268

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Taft City School District ("the District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### 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 Taft City School District as of June 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and Schedule of Changes in the District's Total OPEB Liability And Related Ratios identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Taft City School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of Taft City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Taft City School District's internal control over financial reporting and compliance.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 11, 2020

820 Sixth Street
Taft, CA 93268
(661) 763-1521

# TAFT CITY SCHOOL DISTRICT

FAX (661) 763-1495

*JULIE GRAVES, Ed.D., Superintendent*
*STEVEN GRAGG, Chief Business Official*



## TAFT CITY SCHOOL DISTRICT
## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED JUNE 30, 2020

An overview of the Taft City School District's financial activities for the fiscal year ended June 30, 2020 is provided in this discussion and analysis of the District's financial performance.

**Financial Highlights**

- Total assets increased by $3,860,612. Total liabilities decreased $3,131,828 from the beginning balance. Net position increased by $7,453,833 from the beginning net position.

- The District decreased its total long-term liabilities by $3,839,595.

- General revenues accounted for $32,063,704 in revenue or 79% of all revenues. Program specific revenues, in the form of charges for services, and operating grants and contributions, accounted for $8,273,220 or 21% of total revenues of $40,336,924.

- The District had $32,883,091 in expenses related to governmental activities; only $7,443,371 of these expenses were offset by program specific operating grants and contributions and $829,849 of these expenses were offset by program specific charges.

**Reporting the District as a Whole**

The full annual financial report is a product of three separate parts:

- The basic financial statements

- Supplementary information

- And this section - Management's Discussion and Analysis.

The three sections together provide a comprehensive overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, District-wide and funds.

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.

- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.

    - Basic services funding (i.e., regular and special education) is described in the governmental funds statements. These statements include short-term financing and the balance remaining for future spending.

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

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

**The Statement of Net Position and the Statement of Activities**

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

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

- Increases or decreases in the net position of the District over time are indicators of whether its financial position is improving or deteriorating, respectively.

- Additional non-financial factors, such as condition of school buildings and other facilities, and changes in the property tax base of the District, need to be considered in assessing the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into three kinds of activities:

- Governmental activities – The basic services provided by the District, such as regular and special education, administration, transportation and food services, are included here. Property taxes and state formula aid finance most of these activities.

- Business-type activities – The District had no business-type activities for the fiscal year ended June 30, 2020.

- Component units – No component units were identified for the District.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

More detailed information about the District's most significant funds - not the District as a whole - are provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

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

The District has two kinds of funds:

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

    - How cash and other financial assets can readily be converted to cash flow (in and out).

    - The balances left at year-end that are available for spending.

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

- Fiduciary Funds: For assets that belong to others, such as the Student Body Fund, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. A separate Statement of Fiduciary Net Position--Fiduciary Fund and a Statement of Changes in Assets and Liabilities--Agency Fund report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the assets cannot be used by the District to finance its operations.

**The District as a Whole**

**Table 1: Net Position**

| | Governmental Activities | |
|---|---|---|
| | **2020** | **2019** |
| **Current and Other Assets** | | |
| Cash | $ 21,376,714 | $ 19,863,171 |
| Investments | 1,659,815 | 1,659,815 |
| Accounts receivables | 5,085,885 | 1,712,970 |
| Stores inventories | 15,120 | 17,403 |
| Prepaid expenditures | 152,043 | 128,341 |
| Capital assets | | |
| Land | 147,856 | 147,856 |
| Land improvements | 8,299,587 | 8,293,139 |
| Buildings | 50,427,376 | 48,387,210 |
| Equipment | 3,870,585 | 3,700,082 |
| Work in progress | 112,047 | 1,180,588 |
| Less accumulated depreciation | (32,082,010) | (29,886,169) |
| **Total Assets** | **$ 59,065,018** | **$ 55,204,406** |
| **Deferred Outflows of Resources** | **$ 7,068,409** | **$ 7,829,487** |
| **Liabilities** | | |
| Accounts payable and other current liabilities | $ 3,268,890 | $ 2,561,123 |
| Long-term liabilities | 74,458,429 | 78,298,024 |
| **Total Liabilities** | **$ 77,727,319** | **$ 80,859,147** |
| **Deferred Inflows of Resources** | **$ 5,211,793** | **$ 6,434,264** |
| **Net Position** | | |
| Net investment in capital assets | $ 2,194,833 | $ 1,515,974 |
| Restricted for: | | |
| Capital projects | 1,942,911 | 842,706 |
| Debt service | 2,395,908 | 2,400,591 |
| Legally restricted balances | 1,262,602 | 1,573,307 |
| Unrestricted | (24,601,939) | (30,592,096) |
| **Total Net Position** | **$ (16,805,685)** | **$ (24,259,518)** |

The District’s combined net position was ($16,805,685) at June 30, 2020. This is an increase from the prior year. Contributing factors are in the table above comparing current-year and prior-year totals.

Many factors contribute to the financial position. However, certain events of the last year stand out beyond others:

- 2019-20 Depreciation on buildings, site improvements and equipment
- Recognition of OPEB costs and amounts actually contributed
- Increase in Revenues
- Recognizing the Pension Liability of CalPERS and CalSTRS on the financial statements.

**Table 2: Changes in Net Position**

| | Governmental Activities | |
|---|---|---|
| | **2020** | **2019** |
| **Revenues** | | |
| Program revenues: | | |
| Charges for services | $ 829,849 | $ 814,514 |
| Operating grants and contributions | 7,443,371 | 7,160,026 |
| General revenues | | |
| LCFF sources | 25,053,264 | 23,602,130 |
| Federal revenue | 61,357 | 141,235 |
| State revenue | 3,799,222 | 2,949,849 |
| Local revenue | 3,149,861 | 3,019,814 |
| **Total Revenues** | **$ 40,336,924** | **$ 37,687,568** |
| **Expenses** | | |
| Program expenses: | | |
| Instruction | $ 16,446,377 | $ 19,261,859 |
| Instruction-related services | 2,453,942 | 2,513,336 |
| Pupil services | 5,292,028 | 5,144,402 |
| Ancillary services | 21,400 | 26,677 |
| Community services | 199,261 | 299,100 |
| General administration | 2,143,598 | 2,334,543 |
| Plant services | 3,648,889 | 3,811,982 |
| Interest on long-term debt | 1,403,753 | 1,462,168 |
| Other | 1,273,843 | 1,215,400 |
| **Total Expenses** | **$ 32,883,091** | **$ 36,069,467** |
| **Changes in Net Position** | **$ 7,453,833** | **$ 1,618,101** |

**Increase (Decrease) in Net Position**

Revenues increased by $2,649,356 and the program expenses for 2019-20 decreased by $3,186,376 which increased the changes in net position by $5,835,732 from the prior period.

## The District's Funds

### General Governmental Functions

### Table 3: Summary of General Fund Revenues

| General Fund Activity | 2019-20 | Percent of Total | 2018-19 | Percent of Total | Percent Over/(Short) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Local control funding | | | | | |
| formula sources | $ 16,104,955 | 50.38% | $ 13,387,289 | 43.63% | 20.3% |
| State apportionments | 2,895,222 | 9.06% | 3,626,993 | 11.82% | -20.2% |
| Local sources | 6,053,087 | 18.93% | 6,587,848 | 21.47% | -8.12% |
| | 25,053,264 | 78.37% | 23,602,130 | 76.92% | 6.15% |
| Federal | 1,982,245 | 6.20% | 1,643,751 | 5.36% | 20.59% |
| Other state | 2,850,601 | 8.92% | 3,543,709 | 11.55% | -19.56% |
| Other local | 2,082,128 | 6.51% | 1,894,148 | 6.17% | 9.92% |
| **Total Revenues** | $ 31,968,238 | 100.00% | $ 30,683,738 | 100.00% | 4.19% |

The District had an overall increase in General Fund revenues of $1,284,500.

### Table 4: Summary of General Fund Expenditures (by Object)

| General Fund Activity | 2020-20 | Percent of Total | 2018-19 | Percent of Total | Percent Over/(Short) |
|---|---|---|---|---|---|
| Certificated salaries | $ 10,164,208 | 35.48% | $ 10,049,236 | 34.76% | 1.1% |
| Classified salaries | 4,002,029 | 13.97% | 4,084,090 | 14.13% | -2.0% |
| Employee benefits | 8,665,949 | 30.25% | 8,777,103 | 30.36% | -1.3% |
| Books and supplies | 1,252,806 | 4.37% | 1,287,482 | 4.45% | -2.7% |
| Services and other | | | | | |
| operating expenditures | 2,755,805 | 9.62% | 2,693,931 | 9.32% | 2.3% |
| Other outgo | 1,273,843 | 4.45% | 1,218,238 | 4.21% | 4.6% |
| Direct/indirect costs | (146,552) | -0.51% | (178,489) | -0.62% | -17.9% |
| Capital outlay | 307,145 | 1.07% | 754,908 | 2.61% | -59.3% |
| Debt service - principal | 241,320 | 0.84% | 148,505 | 0.51% | 62.5% |
| Debt service - interest | 127,250 | 0.44% | 71,487 | 0.25% | 78.0% |
| Total | $ 28,643,803 | 100.00% | $ 28,906,491 | 100.00% | -0.9% |

The District's General Fund expenditures increased by $262,688 over the prior year. Certificated salaries experienced an increase of $114,972, as a result of increasing teaching staff and salary enhancements. Benefits experienced an increase over prior year of $111,154 STRS and PERS increases along with accounting for STRS On-Behalf contributions, health benefit increases and increases associated with payroll statutory benefit increases corresponding with the salary increases.

Other outgo expenditures were reduced over prior year as a result of reduced costs charged to the district by the Kern County SELPA.

**Capital Assets**

**Table 5: Capital Assets at Year-End (Net of Depreciation)**

| | 2020 | 2019 | Total Change |
|---|---|---|---|
| Land | $ 147,856 | $ 147,856 | $ - |
| Work in progress | 112,047 | 1,180,588 | (1,068,541) |
| Improvement of sites | 4,443,906 | 4,746,886 | (302,980) |
| Buildings | 25,049,126 | 24,669,752 | 379,374 |
| Equipment | 1,022,506 | 1,077,624 | (55,118) |
| | $ 30,775,441 | $ 31,822,706 | $ (1,047,265) |

As a result of completion of the Cafeteria modernization work in progress was transferred to buildings category along with depreciation being applied has attributed to the capital assets reduction.

**Debt**

The 2019-20 debt has decreased by $3,839,595 from the prior year total.

**Table 6: Outstanding Debt, at Year-End**

| | 2020 | 2019 | Percentage Change |
|---|---|---|---|
| General obligation bonds payable | $ 25,337,702 | $ 26,884,182 | -5.75% |
| Accreted interest | 6,801,603 | 6,164,134 | 10.34% |
| Postemployment health benefits | 13,484,289 | 16,952,541 | -20.46% |
| Compensated absences payable | 124,693 | 116,098 | 7.40% |
| CEC loan payable | 1,092,893 | 1,242,854 | -12.07% |
| Capital leases payable | 2,957,597 | 3,048,956 | -3.00% |
| Net pension liability | 24,659,652 | 23,889,259 | 3.22% |
| Totals | $ 74,458,429 | $ 78,298,024 | -4.90% |

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**Economic Factors and Next Year's Budgets and Rates**

Expenditures continue to be monitored in all areas of the budget. When positions become open, the District evaluates the necessity of either keeping a position unfilled or going ahead and filling the vacancy. Most of the expenditures of the District are committed to salaries and benefits for employees of the District. It takes people to teach students, and in Taft City School District, 77% of the District's budgeted expenditures are for the services of District employees. Under the category of Certificated Salaries, the various positions consist of teachers, psychologists, nurses, speech therapists, Assistant Superintendent, Principals and Superintendent. The Classified category consists of managers, confidential employees, health care specialists, bus drivers, mechanics, maintenance, custodial, after school personnel, instructional aides and cafeteria personnel (in the Cafeteria Fund).

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This outbreak has continued to spread, and any related adverse public health developments have affected School Districts and Governments globally, potentially leading to an economic downturn. It has also disrupted the normal operations of the School District, forcing closures and changes needed to operate. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the School District or the results of operations at this time.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Mrs. Julie Graves, Superintendent, or Mr. Steven Gragg, Chief Business Official, 820 6th Street, Taft, CA 93268.

* * *

# Basic Financial Statements

# TAFT CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Governmental Activities |
|---|---|
| **ASSETS:** | |
| Cash in County Treasury | $ 21,372,414 |
| Cash on Hand and in Banks | 500 |
| Cash in Revolving Fund | 3,800 |
| Investments | 1,659,815 |
| Accounts Receivable | 1,769,137 |
| Due from Grantor Governments | 3,316,748 |
| Stores Inventories | 15,120 |
| Prepaid Expenses | 152,043 |
| Capital Assets: | |
| Land | 147,856 |
| Land Improvements, Net | 4,443,906 |
| Buildings, Net | 25,049,126 |
| Equipment, Net | 1,022,506 |
| Work in Progress | 112,047 |
| Total Assets | 59,065,018 |
| **DEFERRED OUTFLOWS OF RESOURCES:** | |
| Deferred Outflows of Resources - Pensions | 6,144,775 |
| Deferred Outflows of Resources - OPEB | 923,634 |
| Total Deferred Outflows of Resources | 7,068,409 |
| **LIABILITIES:** | |
| Accounts Payable | 2,055,921 |
| Due to Grantor Governments | 978,097 |
| Unearned Revenue | 386,369 |
| Noncurrent Liabilities: | |
| Net Pension Liability | 24,659,652 |
| Other Postemployment Benefit Obligation | 13,484,289 |
| Due within one year | 1,850,813 |
| Due in more than one year | 34,463,675 |
| Total Liabilities | 77,878,816 |
| **DEFERRED INFLOWS OF RESOURCES:** | |
| Deferred Inflows of Resources - Pensions | 1,949,945 |
| Total Deferred Inflows of Resources | 5,211,793 |
| **NET POSITION:** | |
| Net Investment in Capital Assets | 2,194,833 |
| Restricted For: | |
| Debt Service | 2,395,908 |
| Capital Projects | 1,942,911 |
| Other Purposes | 1,262,602 |
| Unrestricted | (24,601,939) |
| Total Net Position | $ (16,805,685) |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| **PRIMARY GOVERNMENT:** | | | | | |
| Governmental Activities: | | | | | |
| Instruction | $ 16,446,377 | $ - | $ 3,352,512 | $ - | $ (13,093,865) |
| Instruction-Related Services | 2,453,942 | - | 431,636 | - | (2,022,306) |
| Pupil Services | 5,292,028 | 786,531 | 2,545,699 | - | (1,959,798) |
| Ancillary Services | 21,400 | - | 4,714 | - | (16,686) |
| Community Services | 199,261 | - | 41,906 | - | (157,355) |
| General Administration | 2,143,598 | 36,347 | 478,455 | 1,712,912 | 84,116 |
| Plant Services | 3,648,889 | 6,971 | 588,449 | - | (3,053,469) |
| Other Outgo | 1,273,843 | - | - | - | (1,273,843) |
| Interest on Long-Term Obligations | 1,403,753 | - | - | - | (1,403,753) |
| Total Governmental Activities | 32,883,091 | 829,849 | 7,443,371 | 1,712,912 | (22,896,959) |
| Total Primary Government | $ 32,883,091 | $ 829,849 | $ 7,443,371 | $ 1,712,912 | (22,896,959) |

| | |
|---|---|
| General Revenues: | |
| LCFF Sources | 25,053,264 |
| Federal Revenues | 61,357 |
| State Revenues | 2,086,310 |
| Local Revenues | 3,149,861 |
| Total General Revenues | 30,350,792 |
| Change in Net Position | 7,453,833 |
| Net Position - Beginning | (24,259,518) |
| Net Position - Ending | $ (16,805,685) |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General Fund | Cafeteria Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash in County Treasury | $ 16,384,995 | $ 580,803 | $ 4,406,616 | $ 21,372,414 |
| Cash on Hand and in Banks | - | 500 | - | 500 |
| Cash in Revolving Fund | 3,800 | - | - | 3,800 |
| Investments | 1,659,815 | - | - | 1,659,815 |
| Accounts Receivable | 1,405,881 | 351,202 | 12,054 | 1,769,137 |
| Due from Grantor Governments | 3,316,748 | - | - | 3,316,748 |
| Due from Other Funds | 325,042 | - | - | 325,042 |
| Stores Inventories | - | 15,120 | - | 15,120 |
| Prepaid Expenditures | - | 152,043 | - | 152,043 |
| Total Assets | 23,096,281 | 1,099,668 | 4,418,670 | 28,614,619 |
| **LIABILITIES AND FUND BALANCE:** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 1,694,760 | $ 75,754 | $ 98 | $ 1,770,612 |
| Due to Grantor Governments | 978,097 | - | - | 978,097 |
| Due to Other Funds | - | 325,042 | - | 325,042 |
| Unearned Revenue | 202,472 | 32,400 | - | 234,872 |
| Total Liabilities | 2,875,329 | 433,196 | 98 | 3,308,623 |
| Fund Balance: | | | | |
| Nonspendable Fund Balances: | | | | |
| Revolving Cash | 3,800 | - | - | 3,800 |
| Stores Inventories | - | 15,120 | - | 15,120 |
| Prepaid Items | - | 152,043 | - | 152,043 |
| Restricted Fund Balances | 763,293 | 499,309 | 4,338,819 | 5,601,421 |
| Assigned Fund Balances | 18,593,463 | - | 79,753 | 18,673,216 |
| Unassigned: | | | | |
| Reserve for Economic Uncertainty | (6,914,049) | - | - | (6,914,049) |
| Other Unassigned | 7,774,445 | - | - | 7,774,445 |
| Total Fund Balance | 20,220,952 | 666,472 | 4,418,572 | 25,305,996 |
| Total Liabilities and Fund Balances | $ 23,096,281 | $ 1,099,668 | $ 4,418,670 | $ 28,614,619 |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET, GOVERNMENTAL FUNDS,
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

| | |
|---|---|
| Total Fund Balances - Balance Sheet, Governmental Funds | $ 25,305,996 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Capital assets | 62,857,451 |
| Accumulated depreciation | (32,082,010) |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds: | |
| Accrued interest payable | (285,309) |
| General obligation bonds payable | (25,337,702) |
| Accreted interest | (6,801,603) |
| Other post-employment benefits payable (OPEB) | (13,484,289) |
| Net pension liability | (24,659,652) |
| Compensated absences payable | (124,693) |
| Capital leases payable | (2,957,597) |
| Note payable | (1,092,893) |
| Deferred outflows and inflows of resources are not reported in the funds because they are applicable to future periods: | |
| Deferred outflows of resources related to pensions | 6,144,775 |
| Deferred inflows of resources related to pensions | (1,949,945) |
| Deferred outflows of resources related to OPEB | 923,634 |
| Deferred inflows of resources related to OPEB | (3,261,848) |
| Total Fund Balance of Governmental Activities - Statement of Net Position | $ (16,805,685) |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Cafeteria Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 16,104,955 | $ - | $ - | $ 16,104,955 |
| Education Protection Account Funds | 2,895,222 | - | - | 2,895,222 |
| Local Sources | 6,053,087 | - | - | 6,053,087 |
| Federal Revenue | 1,982,245 | 2,054,513 | - | 4,036,758 |
| Other State Revenue | 2,850,601 | 126,915 | 1,724,967 | 4,702,483 |
| Other Local Revenue | 2,082,128 | 853,492 | 2,279,077 | 5,214,697 |
| Total Revenues | 31,968,238 | 3,034,920 | 4,004,044 | 39,007,202 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 16,689,184 | - | - | 16,689,184 |
| Instruction - Related Services | 2,358,859 | - | - | 2,358,859 |
| Pupil Services | 2,493,986 | 3,012,728 | - | 5,506,714 |
| Ancillary Services | 25,208 | - | - | 25,208 |
| Community Services | 230,083 | - | - | 230,083 |
| General Administration | 2,087,361 | 146,552 | - | 2,233,913 |
| Plant Services | 2,809,564 | 27,940 | 29,079 | 2,866,583 |
| Other Outgo | 1,273,843 | - | - | 1,273,843 |
| Capital Outlay | 307,145 | 157,395 | 613,927 | 1,078,467 |
| Debt Service: | | | | |
| Principal | 241,320 | - | 1,546,480 | 1,787,800 |
| Interest | 127,250 | - | 727,319 | 854,569 |
| Total Expenditures | 28,643,803 | 3,344,615 | 2,916,805 | 34,905,223 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,324,435 | (309,695) | 1,087,239 | 4,101,979 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 2,000,000 | - | - | 2,000,000 |
| Transfers Out | (2,000,000) | - | - | (2,000,000) |
| Other Sources | - | - | 9,846 | 9,846 |
| Total Other Financing Sources (Uses) | - | - | 9,846 | 9,846 |
| Net Change in Fund Balance | 3,324,435 | (309,695) | 1,097,085 | 4,111,825 |
| Fund Balance, July 1 | 16,896,517 | 976,167 | 3,321,487 | 21,194,171 |
| Fund Balance, June 30 | $ 20,220,952 | $ 666,472 | $ 4,418,572 | $ 25,305,996 |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| | |
|---|---|
| Net Change in Fund Balances - Total Governmental Funds | $ 4,111,825 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period: | |
| Expenditures for capital outlay | 1,148,576 |
| Depreciation expense | (2,195,841) |
| Governmental funds report repayments of long-term debt as expenditures. In the Government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: | 1,787,800 |
| Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds: | |
| Change in accrued interest payable and accreted interest | (549,184) |
| Compensated absences | (8,595) |
| Other post-employment benefits cost in excess of contributions | 3,817,119 |
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: | (657,867) |
| Change in Net Position of Governmental Activities - Statement of Activities | $ 7,453,833 |

The accompanying notes are an integral part of this statement.

# TAFT CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

| | Custodial Fund |
|---|---|
| | Student Body Fund |
| **ASSETS:** | |
| Cash on Hand and in Banks | $ 50,202 |
| Total Assets | 50,202 |
| **LIABILITIES:** | |
| Due to Student Groups | $ 50,202 |
| Total Liabilities | 50,202 |
| **NET POSITION:** | |
| Total Net Position | $ - |

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

Taft City School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual." The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund. The General Fund, reported in these financial statements, includes four Funds maintained by the District: The General Fund (Fund 01), the Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Special Reserve Fund for Postemployment Benefits (Fund 20). Although Funds 17 and 20 are separate funds authorized in the Education Code, neither fund meets the definition of a Special Revenue Fund under accounting principles generally accepted in the United States of America, and have therefore been combined into the General Fund for financial reporting purposes. The beginning fund balances have also been combined.

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.

The District reports the following nonmajor governmental funds:

Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of bonds issued by the District.

Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

County School Facilities Fund is used to account for the accumulation and expenditure of funds for projects funded under the Leroy F. Greene School Facilities Act of 1998, as established by the Board in accordance with Education Code 42840 et seq.

Special Reserve (Capital Projects) Fund is used to account for the accumulation and expenditure of funds for capital outlay purposes, as established by the Board in accordance with Education Code 42840 et seq.

In addition, the District reports the following fund types:

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. <u>Measurement Focus, Basis of Accounting</u>

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting**.** Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Encumbrances

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

4. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

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

Information regarding the amount of dollars invested in derivatives with Kern County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. Inventories of the General Fund are immaterial and have been omitted from these statements.

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

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

| Asset Class | Examples | Estimated Useful Life in Years |
|---|---|---|
| Land | | N/A |
| Site improvements | Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting | 20 |
| School buildings | | 50 |
| Portable classrooms | | 25 |
| HVAC systems | Heating, ventilation AC systems | 20 |
| Roofing | | 20 |
| Interior construction | | 25 |
| Carpet replacement | | 7 |
| Electrical/plumbing | | 30 |
| Sprinkler/fire system | Fire suppression systems | 25 |
| Outdoor equipment | Playground, radio towers, fuel tanks, pumps | 20 |
| Machinery and tools | Shop, maintenance equipment, tools | 15 |
| Kitchen equipment | Appliances | 15 |
| Custodial equipment | Floor scrubbers, vacuums, other | 15 |
| Science and engineering | Lab equipment, scientific apparatus | 10 |
| Furniture and accessories | Classroom and other furniture | 20 |
| Business machines | Fax, duplicating and printing equipment | 10 |
| Copiers | | 5 |
| Communication equipment | Mobile, portable radios, non-computerized | 10 |
| Computer hardware | PC's, printers, network hardware | 5 |
| Computer software | Instructional, other short-term | 5 to 10 |
| Computer software | Administrative or long-term | 10 to 20 |
| Audio visual equipment | Projectors, cameras (still and digital) | 10 |
| Athletic equipment | Gymnastics, football, weight machines, wrestling mats | 10 |
| Musical instruments | Pianos, strings, brass, percussion | 10 |
| Library books | Collections | 5 to 7 |
| Licensed vehicles | Buses, other on-road vehicles | 8 |
| Contractors equipment | Major off-road vehicles, front-end loaders, large tractors, mobile air compressors | 10 |
| Grounds equipment | Mowers, tractors, attachments | 15 |

d. Receivable and Payable Balances

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

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

f. Unearned Revenue

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Program's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

5. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

6. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report, when applicable.

7. 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 CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

| | |
|---|---|
| Valuation Date (VD) (STRS) | June 30, 2019 |
| Valuation Date (VD) (PERS) | June 30, 2018 |
| Measurement Date (MD) | June 30, 2019 |
| Measurement Period (MP) | July 1, 2018 to June 30, 2019 |

8. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates**.** Actual results could differ from those estimates.

9. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

| | |
|---|---|
| Level 1 Inputs: | Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date. |
| Level 2 Inputs: | Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. |
| Level 3 Inputs: | Unobservable inputs for an asset or liability. |

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

10. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

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

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expenses may be reported as reductions of expenses but are not required to be. The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms derivative and derivatives in existing standards to derivative instrument and derivative instruments, respectively. The provisions in paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (For example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for* Postemployment Benefit Plans Other Than Pension Plans, respectively. The requirements in paragraphs 6 - 9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

11. <u>Future Implementation of New Standards</u>

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

The effective dates for the following pronouncements are postponed by one year:

Statement No. 84, *Fiduciary Activities*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests*

Statement No. 91, *Conduit Debt Obligations*

Statement No. 92, *Omnibus 2020*

Statement No. 93, *Replacement of Interbank Offered Rates*

The effective dates for the following pronouncements are postponed by 18 months:

Statement No. 87, *Leases*

B. Excess of Expenditures Over Appropriations

As of June 30, 2020, expenditures exceeded appropriations in individual funds as follows:

| Appropriations Category | Excess Expenditures |
|---|---|
| General Fund: | |
| Debt Service | $ 9,747 |
| Cafeteria Special Revenue Fund: | |
| Classified Salaries | 78,014 |
| Employee Benefits | 3,508 |
| Books And Supplies | 317,117 |
| Services And Other Operating Expenditures | 44,409 |
| Direct Support/Indirect Costs | 28,588 |
| Capital Outlay | 7,395 |

General Fund: The District incurred unanticipated expenditures for Debt Service.

Cafeteria Special Revenue Fund: The District incurred unanticipated expenditures for inflationary salary increases, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Direct Support/Indirect Costs, and Capital Outlay.

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the common investment pool (21,372,414 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was 21,372,414. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks ($500 as of June 30, 2020) and in the revolving fund (3,800) are insured up to $250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District's investments at June 30, 2020 are shown below.

| Investment or Investment Type | Maturity | | Fair Value |
|---|---|---|---|
| Cash in County Treasury | Less than 12 months | $ | 21,372,414 |
| Cash on Hand and in Banks | Less than 12 months | | 500 |
| Cash in Revolving Fund | Less than 12 months | | 3,800 |
| Total Investments | | $ | 21,376,714 |

During the year, the District invested in the following type of investment which was not held at year end:

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to significant credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to significant custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to significant concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to significant foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported in conformity with GASB Statement No. 77 unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

D. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of the following:

| | General Fund | Cafeteria Fund | All Other Government Funds | Total Governmental Funds |
|---|---|---|---|---|
| Federal programs | $ 723,135 | $ 349,818 | $ - | $ 1,072,953 |
| State categorical aid programs | 138,672 | - | - | 138,672 |
| Other local receivables | 3,819,211 | - | 1,500 | 3,820,711 |
| Total | $ 4,722,629 | $ 351,202 | $ 12,054 | $ 5,085,885 |

E. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 147,856 | $ - | $ - | $ 147,856 |
| Work in progress | 1,180,588 | 936,347 | 2,004,888 | 112,047 |
| Total capital assets not being depreciated | 1,328,444 | 936,347 | 2,004,888 | 259,903 |
| Capital assets being depreciated: | | | | |
| Buildings | 48,387,210 | 2,040,166 | - | 50,427,376 |
| Improvements | 8,293,139 | 6,448 | - | 8,299,587 |
| Equipment | 3,700,082 | 170,503 | - | 3,870,585 |
| Total capital assets being depreciated | 60,380,431 | 2,217,117 | - | 62,597,548 |
| Less accumulated depreciation for: | | | | |
| Buildings | (23,717,458) | (1,660,792) | - | (25,378,250) |
| Improvements | (3,546,253) | (309,428) | - | (3,855,681) |
| Equipment | (2,622,458) | (225,621) | - | (2,848,079) |
| Total accumulated depreciation | (29,886,169) | (2,195,841) | - | (32,082,010) |
| Total capital assets being depreciated, net | 30,494,262 | 21,276 | - | 30,515,538 |
| Governmental activities capital assets, net | $ 31,822,706 | $ 957,623 | $ 2,004,888 | $ 30,775,441 |

Depreciation was charged to functions as follows:

| | | |
|---|---|---|
| Instruction | $ | 732,825 |
| Instruction-Related Services | | 268,482 |
| Pupil Services | | 116,951 |
| General Administration | | 41,338 |
| Plant Services | | 1,036,245 |
| | $ | 2,195,841 |

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2020, consisted of the following:

| Due To Fund | Due From Fund | | Amount | Purpose |
|---|---|---|---|---|
| General Fund | Cafeteria Fund | $ | 325,042 | Short-term loans |

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

G. Accounts Payable

Accounts payable at June 30, 2020 consisted of the following:

| | | General Fund | | Cafeteria Special Revenue Fund | | All Other Government Funds | | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| Vendor payables | $ | 249,674 | $ | 73,429 | $ | - | $ | 323,103 |
| Salaries and benefits | | 1,430,184 | | 5,594 | | - | | 1,435,778 |
| State categorical aid programs | | 14,902 | | (3,269) | | 98 | | 11,731 |
| Total | $ | 1,694,760 | $ | 75,754 | $ | 98 | $ | 1,770,612 |

H. Unearned Revenue

Unearned revenue at June 30, 2020 consisted of the following:

| | | |
|---|---|---|
| After School Education and Safety (ASES) | $ | 70,704 |
| ESEA (ESSA): Title I, Part A, Basic Grants Low-Income and Neglect | | 131,768 |
| Child Nutrition: NSLP Equipment Assistance Grants | | 32,400 |
| Totals | $ | 234,872 |

I. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020, are as follows:

| Governmental activities: | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds | $ 26,884,182 | $ - | $ 1,546,480 | $ 25,337,702 | 1,602,957 |
| Accreted interest | 6,164,134 | 637,469 | - | 6,801,603 | - |
| Other post-employment benefits payable | 16,952,541 | - | 3,468,252 | 13,484,289 | - |
| Compensated absences | 116,098 | 8,595 | - | 124,693 | - |
| Net pension liability | 23,889,259 | 770,393 | - | 24,659,652 | - |
| Capital leases | 3,048,956 | - | 91,359 | 2,957,597 | 96,359 |
| Note payable | 1,242,854 | - | 149,961 | 1,092,893 | 151,497 |
| Total governmental activities | $ 78,298,024 | $ 1,416,457 | $ 5,256,052 | $ 74,458,429 | $ 1,850,813 |

The funds typically used to liquidate other long-term liabilities in the past are as follows:

| Liability | Activity Type | Fund |
|---|---|---|
| General obligation bonds | Governmental | Bond Interest and Redemption |
| Accreted interest | Governmental | Bond Interest and Redemption |
| Other post-employment benefits payable | Governmental | General |
| Compensated absences | Governmental | General |
| Net pension liability | Governmental | General |
| Capital leases | Governmental | General |
| Note payable | Governmental | General |

2. General Obligation Bonds and Accreted Interest on Capital Appreciation Bonds

The outstanding general obligation bond debt of the District at June 30, 2020, is as follows:

| Bond | Issue Date | Maturity Date | Interest Rate % |
|---|---|---|---|
| 2001 A | 8/1/01 | 8/1/26 | 3.00-8.00% |
| 2005 A | 8/16/05 | 8/1/30 | 3.00-5.04% |
| 2017 | 11/08/17 | 8/1/31 | 3.50-5.25% |
| 2011 | 6/28/11 | 8/1/21 | 4.00-5.00% |
| 2012 A | 9/26/12 | 8/1/42 | 3.00-4.00% |
| 2012 B | 10/16/13 | 8/1/44 | 3.00-6.00% |
| 2015 | 7/22/14 | 8/1/31 | 2.85% |

| Bond | Original Issue | Bonds Outstanding July 1, 2019 | Issued During Year | Redeemed During Year | Bonds Outstanding June 30, 2020 |
|---|---|---|---|---|---|
| 2001 A | $ 11,499,922 | $ 1,259,922 | $ - | $ - | $ 1,259,922 |
| 2005 A | 5,999,109 | 2,689,109 | - | - | 2,689,109 |
| 2017 | 11,960,000 | 11,670,000 | - | 100,000 | 11,570,000 |
| 2011 | 7,715,000 | 3,035,000 | - | 995,000 | 2,040,000 |
| 2012 A | 9,000,000 | 4,035,000 | - | 100,000 | 3,935,000 |
| 2012 B | 6,000,000 | 90,000 | - | - | 90,000 |
| 2015 | 5,079,214 | 4,105,151 | - | 351,480 | 3,753,671 |
| Totals | $ 57,253,245 | $ 26,884,182 | $ - | $ 1,546,480 | $ 25,337,702 |

The annual requirements to amortize general obligation bonds, payable and outstanding, and accreted interest as of June 30, 2020 are as follows:

| | General Obligation Bonds | | |
|---|---|---|---|
| Year Ending June 30, | Principal | Interest | Total |
| 2021 | $ 1,602,957 | $ 669,026 | $ 2,271,983 |
| 2022 | 1,709,139 | 607,464 | 2,316,603 |
| 2023 | 997,968 | 1,585,932 | 2,583,900 |
| 2024 | 1,049,555 | 1,629,848 | 2,679,403 |
| 2025 | 1,086,652 | 1,689,706 | 2,776,358 |
| 2026-2030 | 5,805,824 | 9,809,739 | 15,615,563 |
| 2031-2035 | 3,960,607 | 3,567,648 | 7,528,255 |
| 2036-2040 | 4,120,000 | 1,162,182 | 5,282,182 |
| 2041-2045 | 5,005,000 | 370,128 | 5,375,128 |
| Totals | $ 25,337,702 | $ 21,091,673 | $ 46,429,375 |

| Year Ending June 30, | Accreted Interest |
|---|---|
| 2023 | $ 774,346 |
| 2024 | 755,138 |
| 2025 | 740,296 |
| 2026-2030 | 3,797,602 |
| 2031-2035 | 734,221 |
| Totals | $ 6,801,603 |

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2020, as follows:

| Year Ending June 30: | Principal | Interest | Lease Payment |
|---|---|---|---|
| 2021 | $ 96,359 | $ 116,855 | $ 213,214 |
| 2022 | 96,359 | 115,154 | 211,513 |
| 2023 | 96,359 | 113,455 | 209,814 |
| 2024 | 98,520 | 109,969 | 208,489 |
| 2025 | 90,000 | 103,863 | 193,863 |
| 2026-2030 | 515,000 | 460,075 | 975,075 |
| 2031-2035 | 635,000 | 339,769 | 974,769 |
| 2036-2040 | 780,000 | 190,398 | 970,398 |
| 2041-2045 | 550,000 | 33,600 | 583,600 |
| Total Minimum Payments | $ 2,957,597 | $ 1,583,138 | $ 4,540,735 |

4. Note Payable

The annual requirements to amortize notes payable outstanding, as of June 30, 2020 are as follows:

| | Note Payable | | |
|---|---|---|---|
| Year Ending June 30, | Principal | Interest | Total |
| 2021 | $ 151,497 | $ 10,552 | $ 162,049 |
| 2022 | 153,015 | 9,034 | 162,049 |
| 2023 | 154,550 | 7,499 | 162,049 |
| 2024 | 156,083 | 5,966 | 162,049 |
| 2025 | 157,664 | 4,385 | 162,049 |
| 2026-2027 | 320,084 | 4,014 | 324,098 |
| Totals | $ 1,092,893 | $ 41,450 | $ 1,134,343 |

J. Compensated Absences

Compensated absences at June 30, 2020 consisted of:

| | Compensated Absences | Benefits | Totals |
|---|---|---|---|
| Classified | $ 95,811 | $ 28,882 | $ 124,693 |

All amounts are due after one year.

K. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2020, as follows:

| Year Ending June 30, | |
|---|---|
| 2021 | $ 49,995 |
| 2022 | 43,216 |
| 2023 | 20,691 |
| 2024 | 15,148 |
| 2025 | 9,619 |
| 2026-2030 | 1,060 |
| Total Minimum Rentals | $ 139,729 |

The District will receive no sublease rental revenues nor pay any contingent rentals associated with these leases.

L. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

| | CalSTRS | |
|---|---|---|
| | Before | On or After |
| Hire Date | Jan. 1, 2013 | Jan. 1, 2013 |
| Benefit Formula | 2% at 60 | 2% at 62** |
| Benefit Vesting Schedule | 5 Years | 5 Years |
| Benefit Payments | Monthly for Life | Monthly for Life |
| Retirement Age | 55-60 | 55-62 |
| Monthly benefits, as a % of eligible compensation | 1.1 - 2.4% | 1.0 - 2.4%* |
| Required Employee Contribution Rates (at June 30, 2020) | 10.250% | 10.205% |
| Required Employer Contribution Rates (at June 30, 2020) | 17.100% | 17.100% |
| Required State Contribution Rates (at June 30, 2020) | 10.328% | 10.328% |

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

| | CalPERS | |
|---|---|---|
| | Before | On or After |
| Hire Date | Jan. 1, 2013 | Jan. 1, 2013 |
| Benefit Formula | 2% at 60 | 2% at 62** |
| Benefit Vesting Schedule | 5 Years | 5 Years |
| Benefit Payments | Monthly for Life | Monthly For Life |
| Retirement Age | 50-62 | 52-67 |
| Monthly Benefits as a % of Eligible Compensation | 1.1 - 2.5% | 1.0 - 2.5% |
| Required Employee Contribution Rates (at June 30, 2020) | 7.000% | 7.000% |
| Required Employer Contribution Rates (at June 30, 2020) | 19.721% | 19.721% |

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2020 (measurement date June 30), 2019, Section 22950 of the California Education code requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 17.10% of creditable compensation for the fiscal year ended June 30, 2020 Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates**.** The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the employee contribution rate was 7.00% and employer contribution rate was 19.721% of covered payroll.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS

| Year Ended June 30, | On Behalf Contribution Rate | On Behalf Contribution Amount | On Behalf Pension Expense |
|---|---|---|---|
| 2018 | 8.292% | 769,707 | 756,406 |
| 2019 | 14.798% | 1,425,004 | 1,462,926 |
| 2020 | 10.328% | 1,030,572 | 325,775 |

CalPERS

| Year Ended June 30, | On Behalf Contribution Rate | On Behalf Contribution Amount | On Behalf Pension Expense |
|---|---|---|---|
| 2019 | 6.588% | 268,217 | - |

The Contributions made by the State during the fiscal year ended June 30, 2019 included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional $2.2 Billion to CalSTRS and $904 Million to CalPERS as a one time payment in order to reduce employer contribution rates in 2019-20 and 2020-21. As a result, On behalf contributions for the year end June 30, 2019 are not comparable to the remaining years presented.

d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

| | Fund Financial Statements (Current Financial Resources Measurement Focus) | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Contributions - Employer | $ 1,706,311 | $ 842,043 | $ 2,548,354 |
| Contributions - State On Behalf Payments | 1,030,572 | - | 1,030,572 |
| Total Contributions | $ 2,736,883 | $ 842,043 | $ 3,578,926 |

| | Government-Wide Financial Statements (Economic Resources Measurement Focus) | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Contributions - Employer | $ 1,567,716 | $ 735,344 | $ 2,303,060 |
| Contributions - State On Behalf Payments | 1,030,572 | - | 1,030,572 |
| Total Contributions | $ 2,598,288 | $ 735,344 | $ 3,333,632 |

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020 (measured June 30, 2019), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

| | Proportionate Share of Net Pension Liability |
|---|---|
| CalSTRS | $ 16,181,298 |
| CalPERS | 8,478,354 |
| Total Net Pension Liability | $ 24,659,652 |

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2019 and June 30, 2020 were as follows:

| | CalSTRS | | | |
|---|---|---|---|---|
| | District's Proportionate Share | State's Proportionate Share* | Total For District Employees | CalPERS |
| Proportion June 30, 2019 | 0.0175% | 0.0098% | 0.0273% | 0.0293% |
| Proportion June 30, 2020 | 0.0179% | 0.0101% | 0.0280% | 0.0291% |
| Change in Proportion | 0.0004% | 0.0003% | 0.0008% | -0.0003% |

*Represents State's Proportionate Share on Behalf of District employees

a. Pension Expense

| | CalSTRS | CalPERS | Total |
|---|---|---|---|
| Change in Net Pension Liability (Asset) | $ 116,876 | $ 653,520 | $ 770,396 |
| State On Behalf Pension Expense | 325,775 | - | 325,775 |
| Employer Contributions to Pension Expense | 1,706,311 | 842,043 | 2,548,354 |
| (Increase)/Decrease in Deferred Outflows of Resources | 647,199 | 103,519 | 750,718 |
| Increase/(Decrease) in Deferred Inflows of Resources | (376,906) | (486,338) | (863,244) |
| Total Pension Expense | $ 2,419,255 | $ 1,112,744 | $ 3,531,999 |

b. Deferred Outflows and Inflows of Resources

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Pension contributions subsequent to measurement date | $ 1,706,311 | $ 842,043 | $ 2,548,354 |
| Differences between actual and expected experience | 32,638 | 710,396 | 743,034 |
| Changes in assumptions | 1,362,542 | 591,452 | 1,953,994 |
| Change in employer's proportionate share | 621,065 | 278,328 | 899,393 |
| Net difference between projected and actual earnings | - | - | - |
| Total Deferred Outflows of Resources | $ 3,722,556 | $ 2,422,219 | $ 6,144,775 |

| | Deferred Inflows of Resources | | |
|---|---|---|---|
| | CalSTRS | CalPERS | Total |
| Differences between actual and expected experience | $ (294,786) | $ (6,379) | $ (301,165) |
| Changes in assumptions | - | (17,136) | (17,136) |
| Change in employer's proportionate share | - | (82,219) | (82,219) |
| Net difference between projected and actual earnings | (1,007,173) | (542,252) | (1,549,425) |
| Total Deferred Inflows of Resources | $ (1,301,959) | $ (647,986) | $ (1,949,945) |

Pension contributions made subsequent to measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2021. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

| Year Ended | Deferred Outflows of Resources | | Deferred Inflows of Resources | | Net Effect |
|---|---|---|---|---|---|
| June 30 | CalSTRS | CalPERS | CalSTRS | CalPERS | on Expenses |
| 2021 | $ 2,595,320 | $ 1,449,964 | $ (531,658) | $ (443,163) | $ 3,070,463 |
| 2022 | 869,438 | 588,134 | (531,251) | (175,908) | 750,413 |
| 2023 | 169,314 | 302,737 | (158,337) | (37,552) | 276,162 |
| 2024 | 88,484 | 81,384 | (21,796) | 8,636 | 156,708 |
| 2025 | - | - | (58,916) | - | (58,916) |
| Thereafter | - | - | (1) | - | (1) |
| Total | $ 3,722,556 | $ 2,422,219 | $ (1,301,959) | $ (647,986) | $ 4,194,830 |

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations were determined using the following actuarial assumptions:

| | CalSTRS | CalPERS |
|---|---|---|
| Fiscal Year | June 30, 2020 | June 30, 2020 |
| Measurement Date | June 30, 2019 | June 30, 2019 |
| Valuation Date | June 30, 2018 | June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Discount Rate | 7.10% | 7.15% |
| Inflation | 2.75% | 2.50% |
| Wage Growth | 3.50% | (3) |
| Investment Rate of Return | 7.10% | 7.15% |
| Post Retirement Benefit Increase | (1) | (4) |
| Mortality | (2) | (5) |

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

(2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.

(3) Wage growth is a component of inflation for CalPERS assumptions.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% CALSTRS AND 7.15% for CalPERS**.** The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets**.** Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuations is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

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

CalSTRS

| Asset Class | Assumed Asset Allocation | Long Term Expected Real Rate of Return* |
|---|---|---|
| Global Equity | 47.00% | 4.80% |
| Fixed Income | 12.00% | 1.30% |
| Real Estate | 13.00% | 3.60% |
| Private Equity | 13.00% | 6.30% |
| Risk Mitigating Strategies | 9.00% | 1.80% |
| Inflation Sensitive | 4.00% | 3.30% |
| Cash/Liquidity | 2.00% | -0.40% |

*20 year average

CalPERS

| Asset Class* | Assumed Asset Allocation | Real Return Years 1-10** | Real Return Years 11+*** |
|---|---|---|---|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00% | 1.00% | 2.62% |
| Inflation Assets | 0.00% | 0.77% | 1.81% |
| Private Equity | 8.00% | 6.30% | 7.23% |
| Real Assets | 13.00% | 3.75% | 4.93% |
| Liquidity | 1.00% | 0.00% | -0.92% |

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

** An expected inflation of 2.00% used for this period

*** An expected inflation of 2.92% used for this period

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

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

| | CalSTRS | CalPERS |
|---|---|---|
| 1% Decrease | 6.10% | 6.15% |
| Net Pension Liability | $ 24,095,292 | $ 12,220,990 |
| Current Discount Rate | 7.10% | 7.15% |
| Net Pension Liability | $ 16,181,298 | $ 8,478,354 |
| 1% Increase | 8.10% | 8.15% |
| Net Pension Liability | $ 9,619,090 | $ 5,373,579 |

**TAFT CITY SCHOOL DISTRICT**
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

| | Increase (Decrease) | | | | |
|---|---|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) | State's Share of Net Pension Liability (c) | District's Share of Net Pension Liability (a) - (b) - (c) |
| Balance at June 30, 2019 (Previously Reported) | $ 86,331,702 | $ 61,284,189 | $ 25,047,513 | $ 8,983,090 | $ 16,064,423 |
| Changes for the year: | | | | | |
| CalSTRS Auditor Adjustment | - | (510) | 510 | 184 | 326 |
| Change in Prop share | 2,461,361 | 1,747,243 | 714,118 | 312,484 | 401,634 |
| Service Cost | 1,977,517 | - | 1,977,517 | 713,543 | 1,263,974 |
| Interest | 6,294,977 | - | 6,294,977 | 2,271,402 | 4,023,575 |
| Differences between expected and actual experience | (517,714) | - | (517,714) | (186,806) | (330,908) |
| Change in benefits | 8,970 | - | 8,970 | 3,236 | 5,734 |
| Contributions: | | | | | |
| Employer | - | 1,582,145 | (1,582,145) | (570,882) | (1,011,263) |
| Employee | - | 1,022,534 | (1,022,534) | (368,959) | (653,576) |
| State On Behalf Payments | - | 1,495,361 | (1,495,361) | (539,568) | (955,794) |
| Net Investment Income | - | 4,175,863 | (4,175,863) | (1,506,767) | (2,669,096) |
| Other Income | - | 35,767 | (35,767) | (12,906) | (22,861) |
| Benefit Payments, including refunds of employee contributions | (4,287,463) | (4,287,463) | - | - | - |
| Administrative expenses | - | (71,183) | 71,183 | 25,685 | 45,498 |
| Borrowing Costs | - | (29,517) | 29,517 | 10,651 | 18,866 |
| Other Expenses | - | (1,198) | 1,198 | 432 | 766 |
| Net Changes | 5,937,648 | 5,669,042 | 268,606 | 151,730 | 116,876 |
| Balance at June 30, 2020 | $ 92,269,350 | $ 66,953,231 | $ 25,316,119 | $ 9,134,820 | $ 16,181,299 |

CalPERS - Governmental Activities

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at June 30, 2019 (Previously Reported) | $ 26,840,556 | $ 19,015,722 | $ 7,824,834 |
| Changes for the year: | | | |
| Change in Proportionate Share | (234,136) | (165,878) | (68,258) |
| Service Cost | 647,798 | - | 647,798 |
| Interest | 1,909,399 | - | 1,909,399 |
| Differences between expected and actual experience | 406,924 | - | 406,924 |
| Change in Assumptions | - | - | - |
| Contributions: | | | |
| Employer | - | 735,341 | (735,341) |
| Employee | - | 295,003 | (295,003) |

| | | | |
|---|---|---|---|
| Net Investment Income | - | 1,225,296 | (1,225,296) |
| Plan to Plan Resource Movement | - | 88 | (88) |
| Benefit Payments, including refunds of employee contributions | (1,264,710) | (1,264,710) | - |
| Administrative expenses | - | (13,428) | 13,428 |
| Other expenses | - | 43 | (43) |
| Net Changes | 1,465,275 | 811,755 | 653,520 |
| Balance at June 30, 2020 | $ 28,305,831 | $ 19,827,477 | $ 8,478,354 |

M. Other Retirement Plans

1. Section 403(b) Tax-Sheltered Annuity Plan

Plan Description

The District's Board of Trustees authorized the establishment of a Section 403(b) Tax-Sheltered Annuity Plan**.** This is a retirement plan funded by elective deferrals made under salary reduction agreements.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees.

2. Section 457 Deferred Compensation Plan

Plan Description

The District's Board of Trustees previously authorized the establishment of a qualified Internal Revenue Code Section 457 deferred compensation plan for the exclusive benefit of all employees of the District.

Funding Policy

All eligible employees electing to participate in this plan choose the amount of monthly compensation deferrals up to the maximums allowed by the Internal Revenue Code and its regulations and rulings. The District does not contribute to the plan on behalf of participating employees.

N. Postemployment Benefits Other Than Pension Benefits

1. General Information about the OPEB Plan

Plan Description

The health and welfare benefit plans of the District include medical, prescription drug, and behavioral health insurance. The health and welfare benefit plans of the District include medical, prescription drug, and behavioral health insurance. The medical plans include a number of Blue Cross PPO options for employees and retirees, as well as a frozen PPO for retired teachers over age 65. Prescription drug coverage and behavioral health benefits are now provided as part of the medical plans. Companion Care Medicare Supplement with Navitus “9-35” is available to retirees with Medicare Parts A and B. The District does not pay for dental or vision coverage for its retirees. All coverages are self-insured on a pooled basis through the Self-Insured Schools of California (SISC). There are 102 retirees currently receiving benefits, and 193 active employees who may become eligible to retire and receive benefits in the future. The District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan.

Eligibility for District-Paid Benefits

Benefit provisions and the authority to pay benefits as they come due are established and may be amended by the District, as approved by the Board of Education. The OPEB Plan is administered by the District. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The amount and duration of District-paid contributions for retiree health insurance vary by employment classification, age and date of hire, as follows:

Certificated employees hired before April 24, 1991 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 20 consecutive years of service with the District. District-paid benefits continue for life, with a Medicare Supplement benefit being provided beginning at age 65. A named group of teachers who opted out of Medicare, Part A are eligible to receive a lifetime District contribution at least as great as that in effect for active employees. The District contributes toward the cost of Medical/Rx coverage for the retiree only. Spousal coverage may be purchased at the retiree's expense.

Classified and management employees hired before October 15, 1992 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 15 consecutive years of service with the District. District-paid benefits continue for life, with a Medicare Supplement benefit being provided beginning at age 65. The District contributes the full retiree-only premium for Medical/Rx coverage, capped at the active premium in effect at the time of the employee's retirement. Employees with at least 20 consecutive years of District service are not subject to the freeze at time of retirement.

Classified and management employees hired on or after October 15, 1992 are eligible to retire with District-paid benefits after attaining age 55 and completing at least 15 consecutive years of service with the District. District-paid benefits end at age 65 or upon eligibility for other medical benefits, and are capped at the active premium in effect at the time of retirement. Classified employees must work at least four hours per day, five days per week to be eligible for benefits. The District contribution for a retiree who was a part-time employee is prorated by dividing the average number of hours worked by the employee during the last five years of employment by eight.

Employees Covered by Benefit Terms

At June 30, 2020, the following retirees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 109 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 243 |
| Total number of participants | 352 |

2. Total OPEB Liability

The OPEB plan does not issue stand-alone financial reports that are available to the public.

Actuarial Assumptions and Other Inputs

The total OPEB liability actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Inflation | 2.75% |
| Salary Increases | 2.75% per year |
| Discount Rate | 3.50% |
| Healthcare Cost Trend Rates | 4.00% per year |
| Retiree's Share of Costs | 0.00% of projected health insurance premiums |

The discount rate was based on the Bond Buyer 20 Bond Index.

Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table and 2009 CalSTRS Mortality table.

Changes in Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at June 30, 2019 | $ 16,952,541 |
| Changes for the year: | |
| None | - |
| Net changes | - |
| Balance at June 30, 2020 | $ 16,952,541 |

There were no changes in benefit terms and other inputs or assumptions for the fiscal year ended June 30, 2020.

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 1-percentage-point lower or 1-percentage-point-higher than the current discount rate:

| | 1% Decrease 2.50% | Discount Rate 3.50% | 1% Increase 4.50% |
|---|---|---|---|
| Total OPEB Liability | $ 18,844,282 | $ 16,952,541 | $ 15,360,054 |

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 1-percentage-point-lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease 3.00% | Healthcare Cost Trend Rate 4.00% | 1% Increase 5.00% |
|---|---|---|---|
| Total OPEB Liability | $ 15,415,221 | $ 16,952,541 | $ 18,701,021 |

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB benefit of $3,817,119.

At June 30, 2020 the District reported the following deferred outflows and inflows of resources related to other postemployment benefits.

| | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| Assumption changes | $ 467,206 | $ - |
| Experience gains/losses | 3,807,578 | - |
| Contributions made subsequent to measurement date | - | 923,634 |
| | $ 4,274,784 | $ 923,634 |

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

| Year ending June 30, | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|---|---|
| 2021 | $ 359,227 | $ 932,634 |
| 2022 | 359,227 | - |
| 2023 | 359,227 | - |
| 2024 | 359,227 | - |
| 2025 | 359,227 | - |
| Thereafter | 2,478,649 | - |
| Total | $ 4,274,784 | $ 932,634 |

O. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Pending Assessment for Disputed Tax Revenues

The Kern County Auditor-Controller's Office has impounded disputed revenues of school district taxes on secured and unsecured property based on claims or actions filed for the return of such tax revenues. The claims and actions are regarding the valuation of mineral rights that could trigger repayment of property taxes. Revenues are impounded until the final disposition of the claim or action.

The Kern County Auditor-Controller has estimated the contingent liability as of June 30, 2020 as follows:

| | |
|---|---|
| Pending appeals for taxes | $ 450,343 |
| Pending appeals for interest | 11,012 |
| Total | 461,355 |
| Less amount held by Kern County Auditor-Controller | (717,612) |
| Net contingent liability | $ (256,257) |

P. Construction in Progress

The District has construction contracts-in-progress as follows:

| | Project Authorization | Expended to 6/30/2020 | Remaining Commitment |
|---|---|---|---|
| Repave District Parking Lot | $ 185,530 | $ 79,492 | $ 106,038 |

Q. Restricted Fund Balances

Restricted fund balances at June 30, 2020 are as follows:

| | |
|---|---|
| Medi-Cal Billing Option | $ 4,140 |
| California Clean Energy Jobs Act | 58,645 |
| Lottery: Instructional Materials | 406,995 |
| Special Ed: Mental Health Services | 14,802 |
| Classified Employee Professional Development Block Grant | 11,854 |
| SB 117 COVID-19 LEA Response Funds | 22,615 |
| Low-Performing Students Block Grant | 147,853 |
| Other Restricted Local | 96,389 |
| Bond Interest and Redemption Fund | 2,395,908 |
| Cafeteria Special Revenue Fund | 499,309 |
| Building Fund | 207,667 |
| County Schools Facilities Fund | 1,735,244 |
| Totals | $ 5,601,421 |

R. Joint Ventures (Joint Powers Agreements)

The Program participates in five joint ventures under joint powers agreements (JPAs) as follows:

Partners in Nutrition Cooperative (PINCO)
(commodities and other food items)

Schools Legal Services
(legal services)

Self-Insured Schools of California I (SISC I)
(workers' compensation insurance)

Self-Insured Schools of California II (SISC II)
(property and liability insurance)

Self-Insured Schools of California III (SISC III)
(health insurance)

The relationships between the District and the other JPAs are such that none of the other JPAs are component units of the District for financial reporting purposes.

The JPAs provide insurance and services as noted for member school districts.

Each JPA is governed by a board consisting of a representative from each member district. Such governing board controls the operations of its JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond representation on the governing board.

Each district pays premiums and fees commensurate with the level of coverage or services requested, and shares surpluses and deficits proportionate to its participation in each JPA.

Each JPA is independently accountable for its fiscal matters, and maintains its own accounting records.

The District's share of year-end assets, liabilities, or fund equity has not been calculated by the entities.

Condensed financial information for the above JPAs for the year ended June 30, 2020 was not available as of the audit report date. Complete financial statements for the JPAs may be obtained from the JPAs at the addresses indicated below:

| | |
|---|---|
| PINCO | C/O Antelope Valley Union High School District<br>44811 N. Sierra Highway<br>Lancaster, CA 93534-3226 |
| Schools Legal Services | Kern County Superintendent of Schools<br>1300 17th St., No. 7<br>Bakersfield, CA 93301 |
| SISC I, II and III | Self-Insured Schools of California<br>Kern County Superintendent of Schools<br>P. O. Box 1847<br>Bakersfield, CA 93303-1847 |

S. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued.

# Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

**TAFT CITY SCHOOL DISTRICT** **EXHIBIT B-1**

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

| | 1 | 2 | 3 | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Budgeted Amounts | | | |
| | Original | Final | Actual | |
| Revenues: | | | | |
| LCFF Sources: | | | | |
| State Apportionment or State Aid | $ 15,658,310 | $ 14,686,666 | $ 16,104,955 | $ 1,418,289 |
| Education Protection Account Funds | 3,394,129 | 3,688,283 | 2,895,222 | (793,061) |
| Local Sources | 5,341,394 | 6,534,706 | 6,053,087 | (481,619) |
| Federal Revenue | 2,030,882 | 2,141,858 | 1,982,245 | (159,613) |
| Other State Revenue | 2,232,623 | 2,094,167 | 2,850,601 | 756,434 |
| Other Local Revenue | 1,445,369 | 1,586,204 | 2,082,128 | 495,924 |
| Total Revenues | 30,102,707 | 30,731,884 | 31,968,238 | 1,236,354 |
| Expenditures: | | | | |
| Current: | | | | |
| Certificated Salaries | 10,282,013 | 10,414,675 | 10,164,208 | 250,467 |
| Classified Salaries | 4,374,551 | 4,304,907 | 4,002,029 | 302,878 |
| Employee Benefits | 8,513,288 | 8,704,577 | 8,665,949 | 38,628 |
| Books And Supplies | 1,703,287 | 1,897,577 | 1,252,806 | 644,771 |
| Services And Other Operating Expenditures | 2,881,510 | 2,906,778 | 2,755,805 | 150,973 |
| Other Outgo | 928,405 | 1,322,394 | 1,273,843 | 48,551 |
| Direct Support/Indirect Costs | (117,964) | (117,964) | (146,552) | 28,588 |
| Capital Outlay | 716,929 | 716,929 | 307,145 | 409,784 |
| Debt Service: | | | | |
| Principal | 228,505 | 228,505 | 241,320 | (12,815) |
| Interest | 130,318 | 130,318 | 127,250 | 3,068 |
| Total Expenditures | 29,640,842 | 30,508,696 | 28,643,803 | 1,864,893 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 461,865 | 223,188 | 3,324,435 | 3,101,247 |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 381,019 | 2,000,000 | 2,000,000 | - |
| Transfers Out | - | - | (2,000,000) | (2,000,000) |
| Total Other Financing Sources (Uses) | 381,019 | 2,000,000 | - | (2,000,000) |
| Net Change in Fund Balance | 842,884 | 2,223,188 | 3,324,435 | 1,101,247 |
| Fund Balance, July 1 | 9,122,073 | 9,122,073 | 16,896,517 | 7,774,444 |
| Fund Balance, June 30 | $ 9,964,957 | $ 11,345,261 | $ 20,220,952 | $ 8,875,691 |

# TAFT CITY SCHOOL DISTRICT

**EXHIBIT B-2**

CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

| | 1 | 2 | 3 | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Budgeted Amounts | | | |
| | Original | Final | Actual | (Negative) |
| Revenues: | | | | |
| Federal Revenue | $ 1,300,559 | $ 1,675,000 | $ 2,054,513 | $ 379,513 |
| Other State Revenue | 81,000 | 110,000 | 126,915 | 16,915 |
| Other Local Revenue | 866,925 | 828,200 | 853,492 | 25,292 |
| Total Revenues | 2,248,484 | 2,613,200 | 3,034,920 | 421,720 |
| Expenditures: | | | | |
| Current: | | | | |
| Classified Salaries | 643,566 | 643,566 | 721,580 | (78,014) |
| Employee Benefits | 384,455 | 384,455 | 387,963 | (3,508) |
| Books And Supplies | 993,823 | 1,406,928 | 1,724,045 | (317,117) |
| Services And Other Operating Expenditures | 160,671 | 162,671 | 207,080 | (44,409) |
| Direct Support/Indirect Costs | 117,964 | 117,964 | 146,552 | (28,588) |
| Capital Outlay | 20,000 | 150,000 | 157,395 | (7,395) |
| Total Expenditures | 2,320,479 | 2,865,584 | 3,344,615 | (479,031) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (71,995) | (252,384) | (309,695) | (57,311) |
| Other Financing Sources (Uses): | | | | |
| Total Other Financing Sources (Uses) | - | - | - | - |
| Net Change in Fund Balance | (71,995) | (252,384) | (309,695) | (57,311) |
| Fund Balance, July 1 | 976,167 | 976,167 | 976,167 | - |
| Fund Balance, June 30 | $ 904,172 | $ 723,783 | $ 666,472 | $ (57,311) |

EXHIBIT B-3

# TAFT CITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| District's proportion of the net pension liability (asset) | 0.018% | 0.018% | 0.017% | 0.017% | 0.017% | 0.016% | - | - | - | - |
| District's proportionate share of the net pension liability (asset) | $ 16,181,299 | $ 16,064,425 | $ 15,760,483 | $ 13,639,261 | $ 11,339,000 | $ 9,423,000 | $ - | $ - | $ - | $ - |
| State's proportionate share of the net pension liability (asset) associated with the District | 9,134,820 | 9,231,139 | 9,359,002 | 7,298,499 | 5,997,000 | 5,690,000 | - | - | - | - |
| Total | $ 25,316,119 | $ 25,295,564 | $ 25,119,485 | $ 20,937,760 | $ 17,336,000 | $ 15,113,000 | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 12,808,827 | $ 10,049,236 | $ 9,380,444 | $ 10,243,052 | $ 8,409,000 | $ 7,818,000 | $ - | $ - | $ - | $ - |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 126.33% | 159.86% | 168.01% | 133.16% | 134.84% | 120.53% | - | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 72.56% | 70.99% | 69.46% | 70.00% | 74.00% | 74.00% | - | - | - | - |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**EXHIBIT B-4**

# TAFT CITY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Contractually required contribution | $ 1,706,311 | $ 1,866,134 | $ 1,353,598 | $ 1,288,576 | $ 902,304 | $ 694,212 | $ - | $ - | $ - | $ - |
| Contributions in relation to the contractually required contribution | (1,706,311) | (1,866,134) | (1,353,598) | (1,288,576) | (902,304) | (694,212) | - | - | - | - |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 12,808,827 | $ 10,049,236 | $ 9,380,444 | $ 10,243,052 | $ 8,409,000 | $ 7,818,000 | $ - | $ - | $ - | $ - |
| Contributions as a percentage of covered-employee payroll | 13.32% | 18.57% | 14.43% | 12.58% | 10.73% | 8.88% | - | - | - | - |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

EXHIBIT B-5

# TAFT CITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| District's proportion of the net pension liability (asset) | 0.029% | 0.029% | 0.028% | 0.028% | 0.028% | 0.028% | - | - | - | - |
| District's proportionate share of the net pension liability (asset) | $ 8,478,354 | $ 7,824,834 | $ 6,575,002 | $ 5,526,960 | $ 4,166,000 | $ 2,949,000 | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 4,518,254 | $ 4,604,808 | $ 3,986,543 | $ 3,538,054 | $ 3,378,000 | $ 3,129,000 | $ - | $ - | $ - | $ - |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 187.65% | 169.93% | 164.93% | 156.21% | 123.33% | 94.25% | - | - | - | - |
| Plan fiduciary net position as a percentage of the total pension liability | 70.05% | 70.85% | 71.87% | 73.92% | 79.43% | 79.40% | - | - | - | - |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

**EXHIBIT B-6**

# TAFT CITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS *

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Contractually required contribution | $ 842,043 | $ 744,564 | $ 619,150 | $ 491,365 | $ 400,141 | $ 368,336 | $ - | $ - | $ - | $ - |
| Contributions in relation to the contractually required contribution | (842,043) | (744,564) | (619,150) | (491,365) | (400,141) | (368,336) | - | - | - | - |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 4,518,254 | $ 4,604,808 | $ 3,986,543 | $ 3,538,054 | $ 3,378,000 | $ 3,129,000 | $ - | $ - | $ - | $ - |
| Contributions as a percentage of covered-employee payroll | 18.64% | 16.17% | 15.53% | 13.89% | 11.85% | 11.77% | - | - | - | - |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

**EXHIBIT B-7**

# TAFT CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER PLAN
LAST TEN FISCAL YEARS *

| | Fiscal Year Ended | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Total OPEB liability: | | | | | | | | | | |
| Service cost | $ - | $ 391,497 | $ 381,019 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Interest | - | 705,064 | 711,668 | - | - | - | - | - | - | - |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | - | (4,127,543) | - | - | - | - | - | - | - | - |
| Changes of assumptions or other inputs | - | 506,468 | - | - | - | - | - | - | - | - |
| Benefit payments | - | (943,738) | (1,005,269) | - | - | - | - | - | - | - |
| Net change in total OPEB liability | - | (3,468,252) | 87,418 | - | - | - | - | - | - | - |
| Total OPEB liability - beginning | 16,952,541 | 20,420,793 | 20,333,375 | - | - | - | - | - | - | - |
| Total OPEB liability - ending | $ 16,952,541 | $ 16,952,541 | $ 20,420,793 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered-employee payroll | $ 14,896,412 | $ 14,654,044 | $ 14,061,616 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Total OPEB liability as a percentage of covered-employee payroll | 113.80% | 115.69% | 145.22% | - | - | - | - | - | - | - |

Notes to Schedule:

There were no changes of benefit terms in 2020.

There were no changes of assumptions in 2020. The following are the discount rates used in each period.

| | |
|---|---|
| 2020 | 3.50% |
| 2019 | 3.50% |
| 2018 | 3.50% |
| 2017 | NA |
| 2016 | NA |
| 2015 | NA |
| 2014 | NA |
| 2013 | NA |
| 2012 | NA |
| 2011 | NA |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

# Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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**TAFT CITY SCHOOL DISTRICT**
COMBINING BALANCE SHEET
ALL GENERAL FUNDS
JUNE 30, 2020

| | General Fund | Deferred Maintenance Fund |
|---|---|---|
| **ASSETS:** | | |
| Cash in County Treasury | $ 6,813,119 | $ 1,001 |
| Cash in Revolving Fund | 3,800 | - |
| Investments | - | - |
| Accounts Receivable | 1,360,967 | 5 |
| Due from Grantor Governments | 3,316,748 | - |
| Due from Other Funds | 325,042 | - |
| Total Assets | 11,819,676 | 1,006 |
| | | |
| **LIABILITIES AND FUND BALANCE:** | | |
| Liabilities: | | |
| Accounts Payable | $ 1,694,760 | $ - |
| Due to Grantor Governments | 978,097 | - |
| Unearned Revenue | 202,472 | - |
| Total Liabilities | 2,875,329 | - |
| | | |
| Fund Balance: | | |
| Nonspendable Fund Balances: | | |
| Revolving Cash | 3,800 | - |
| Restricted Fund Balances | 763,293 | - |
| Assigned Fund Balances | 7,316,858 | 1,006 |
| Unassigned: | | |
| Reserve for Economic Uncertainty | (6,914,049) | - |
| Other Unassigned | 7,774,445 | - |
| Total Fund Balance | 8,944,347 | 1,006 |
| | | |
| Total Liabilities and Fund Balances | $ 11,819,676 | $ 1,006 |

| Special Reserve General Fund | Post Employment Benefits Fund | Totals June 30, 2020 |
|---|---|---|
| $ 11,901 | $ 9,558,974 | $ 16,384,995 |
| - | - | 3,800 |
| - | 1,659,815 | 1,659,815 |
| 62 | 44,847 | 1,405,881 |
| - | - | 3,316,748 |
| - | - | 325,042 |
| 11,963 | 11,263,636 | 23,096,281 |
| | | |
| $ - | $ - | $ 1,694,760 |
| - | - | 978,097 |
| - | - | 202,472 |
| - | - | 2,875,329 |
| | | |
| - | - | 3,800 |
| - | - | 763,293 |
| 11,963 | 11,263,636 | 18,593,463 |
| - | - | (6,914,049) |
| - | - | 7,774,445 |
| 11,963 | 11,263,636 | 20,220,952 |
| $ 11,963 | $ 11,263,636 | $ 23,096,281 |

## TAFT CITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GENERAL FUNDS
YEAR ENDED JUNE 30, 2020

| | General Fund | Deferred Maintenance Fund |
|---|---|---|
| Revenues: | | |
| LCFF Sources: | | |
| State Apportionment or State Aid | $ 16,104,955 | $ - |
| Education Protection Account Funds | 2,895,222 | - |
| Local Sources | 6,053,087 | - |
| Federal Revenue | 1,982,245 | - |
| Other State Revenue | 2,850,601 | - |
| Other Local Revenue | 1,927,595 | 20 |
| Total Revenues | 31,813,705 | 20 |
| Expenditures: | | |
| Current: | | |
| Instruction | 16,689,184 | - |
| Instruction - Related Services | 2,358,859 | - |
| Pupil Services | 2,493,986 | - |
| Ancillary Services | 25,208 | - |
| Community Services | 230,083 | - |
| General Administration | 2,087,361 | - |
| Plant Services | 2,809,564 | - |
| Other Outgo | 1,273,843 | - |
| Capital Outlay | 307,145 | - |
| Debt Service: | | |
| Principal | 241,320 | - |
| Interest | 127,250 | - |
| Total Expenditures | 28,643,803 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 3,169,902 | 20 |
| Other Financing Sources (Uses): | | |
| Transfers In | - | - |
| Transfers Out | (2,000,000) | - |
| Total Other Financing Sources (Uses) | (2,000,000) | - |
| Net Change in Fund Balance | 1,169,902 | 20 |
| Fund Balance, July 1 | 7,774,445 | 986 |
| Fund Balance, June 30 | $ 8,944,347 | $ 1,006 |

| Special Reserve General Fund | Post Employment Benefits Fund | Totals June 30, 2020 |
|---|---|---|
| $ - | $ - | $ 16,104,955 |
| - | - | 2,895,222 |
| - | - | 6,053,087 |
| - | - | 1,982,245 |
| - | - | 2,850,601 |
| 235 | 154,278 | 2,082,128 |
| 235 | 154,278 | 31,968,238 |
| | | |
| - | - | 16,689,184 |
| - | - | 2,358,859 |
| - | - | 2,493,986 |
| - | - | 25,208 |
| - | - | 230,083 |
| - | - | 2,087,361 |
| - | - | 2,809,564 |
| - | - | 1,273,843 |
| - | - | 307,145 |
| | | |
| - | - | 241,320 |
| - | - | 127,250 |
| - | - | 28,643,803 |
| | | |
| 235 | 154,278 | 3,324,435 |
| | | |
| - | 2,000,000 | 2,000,000 |
| - | - | (2,000,000) |
| - | 2,000,000 | - |
| | | |
| 235 | 2,154,278 | 3,324,435 |
| | | |
| 11,728 | 9,109,358 | 16,896,517 |
| $ 11,963 | $ 11,263,636 | $ 20,220,952 |

# TAFT CITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

| | Debt Service Fund | | |
|---|---|---|---|
| | Bond Interest & Redemption | Capital Projects Funds | Total Nonmajor Governmental Funds (See Exhibit A-3) |
| **ASSETS:** | | | |
| Cash in County Treasury | $ 2,394,408 | $ 2,012,208 | $ 4,406,616 |
| Accounts Receivable | 1,500 | 10,554 | 12,054 |
| Total Assets | 2,395,908 | 2,022,762 | 4,418,670 |
| | | | |
| **LIABILITIES AND FUND BALANCE:** | | | |
| Liabilities: | | | |
| Accounts Payable | $ - | $ 98 | $ 98 |
| Total Liabilities | - | 98 | 98 |
| | | | |
| Fund Balance: | | | |
| Restricted Fund Balances | 2,395,908 | 1,942,911 | 4,338,819 |
| Assigned Fund Balances | - | 79,753 | 79,753 |
| Total Fund Balance | 2,395,908 | 2,022,664 | 4,418,572 |
| | | | |
| Total Liabilities and Fund Balances | $ 2,395,908 | $ 2,022,762 | $ 4,418,670 |

# TAFT CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Debt Service Fund<br>Bond Interest & Redemption | Capital Projects Funds | Total Nonmajor Governmental Funds (See Exhibit A-5) |
|---|---|---|---|
| Revenues: | | | |
| Other State Revenue | $ 12,055 | $ 1,712,912 | $ 1,724,967 |
| Other Local Revenue | 2,247,215 | 31,862 | 2,279,077 |
| Total Revenues | 2,259,270 | 1,744,774 | 4,004,044 |
| Expenditures: | | | |
| Current: | | | |
| Plant Services | - | 29,079 | 29,079 |
| Capital Outlay | - | 613,927 | 613,927 |
| Debt Service: | | | |
| Principal | 1,546,480 | - | 1,546,480 |
| Interest | 727,319 | - | 727,319 |
| Total Expenditures | 2,273,799 | 643,006 | 2,916,805 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (14,529) | 1,101,768 | 1,087,239 |
| Other Financing Sources (Uses): | | | |
| Other Sources | 9,846 | - | 9,846 |
| Total Other Financing Sources (Uses) | 9,846 | - | 9,846 |
| Net Change in Fund Balance | (4,683) | 1,101,768 | 1,097,085 |
| Fund Balance, July 1 | 2,400,591 | 920,896 | 3,321,487 |
| Fund Balance, June 30 | $ 2,395,908 | $ 2,022,664 | $ 4,418,572 |

# TAFT CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

| | Building Fund | County School Facilities Fund | Capital Outlay Projects | Total Nonmajor Capital Projects Funds (See Exhibit C-3) |
|---|---|---|---|---|
| **ASSETS:** | | | | |
| Cash in County Treasury | $ 206,658 | $ 1,726,212 | $ 79,338 | $ 2,012,208 |
| Accounts Receivable | 1,107 | 9,032 | 415 | 10,554 |
| Total Assets | 207,765 | 1,735,244 | 79,753 | 2,022,762 |
| **LIABILITIES AND FUND BALANCE:** | | | | |
| Liabilities: | | | | |
| Accounts Payable | $ 98 | $ - | $ - | $ 98 |
| Total Liabilities | 98 | - | - | 98 |
| Fund Balance: | | | | |
| Restricted Fund Balances | 207,667 | 1,735,244 | - | 1,942,911 |
| Assigned Fund Balances | - | - | 79,753 | 79,753 |
| Total Fund Balance | 207,667 | 1,735,244 | 79,753 | 2,022,664 |
| Total Liabilities and Fund Balances | $ 207,765 | $ 1,735,244 | $ 79,753 | $ 2,022,762 |

# TAFT CITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Building Fund | County School Facilities Fund | Capital Outlay Projects | Total Nonmajor Capital Projects Funds (See Exhibit C-4) |
|---|---|---|---|---|
| Revenues: | | | | |
| Other State Revenue | $ - | $ 1,712,912 | $ - | $ 1,712,912 |
| Other Local Revenue | 7,971 | 22,328 | 1,563 | 31,862 |
| Total Revenues | 7,971 | 1,735,240 | 1,563 | 1,744,774 |
| Expenditures: | | | | |
| Current: | | | | |
| Plant Services | 29,079 | - | - | 29,079 |
| Capital Outlay | 613,927 | - | - | 613,927 |
| Total Expenditures | 643,006 | - | - | 643,006 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (635,035) | 1,735,240 | 1,563 | 1,101,768 |
| Net Change in Fund Balance | (635,035) | 1,735,240 | 1,563 | 1,101,768 |
| Fund Balance, July 1 | 842,702 | 4 | 78,190 | 920,896 |
| Fund Balance, June 30 | $ 207,667 | $ 1,735,244 | $ 79,753 | $ 2,022,664 |

# TAFT CITY SCHOOL DISTRICT

**EXHIBIT C-7**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2020

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|---|---|---|---|---|
| **STUDENT BODY ACTIVITIES** | | | | |
| **ASSETS** | | | | |
| Cash and investments | $ 26,016 | $ 84,562 | $ 60,376 | $ 50,202 |
| Total Assets | $ 26,016 | $ 84,562 | $ 60,376 | $ 50,202 |
| **LIABILITIES** | | | | |
| Due to student groups | $ 26,016 | $ 84,562 | $ 60,376 | $ 50,202 |
| Total Liabilities | $ 26,016 | $ 84,562 | $ 60,376 | $ 50,202 |

The accompanying notes are an integral part of this statement.

# Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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Supplementary Information Section

**TAFT CITY SCHOOL DISTRICT**
LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2020

The District was established in 1932, and is comprised of an area of approximately 118 square miles, located in Kern County. There were no changes in the boundaries of the District during the year ended June 30, 2020. The District is currently operating five elementary schools and one intermediate school.

Governing Board

| Name | Office | Term Expiration |
|---|---|---|
| Gregory Mudge | President | 2021 |
| Les Clark | Vice-President | 2021 |
| Stacey Falgout | Clerk | 2021 |
| Michael McCormick | Trustee Rep | 2021 |
| Keith McElmurry | Member | 2021 |

Administration

Julie Graves
Superintendent

Nancy Hickernell-Bonner
Assistant Superintendent

Steven Gragg
Chief Business Official

**TAFT CITY SCHOOL DISTRICT** **TABLE D-1**
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30,20

| | Second Period Report | Annual Report |
|---|---|---|
| TK/K-3: | | |
| Regular ADA | 1,031.98 | 1,031.98 |
| Extended Year Special Education | 0.82 | 0.82 |
| TK/K-3 Totals | 1,032.80 | 1,032.80 |
| | | |
| Grades 4-6: | | |
| Regular ADA | 742.12 | 742.12 |
| Extended Year Special Education | 1.25 | 1.25 |
| Grades 4-6 Totals | 743.37 | 743.37 |
| | | |
| Grades 7 and 8: | | |
| Regular ADA | 488.60 | 488.60 |
| Extended Year Special Education | 0.55 | 0.55 |
| Grades 7 and 8 Totals | 489.15 | 489.15 |
| | | |
| ADA Totals | 2,265.32 | 2,265.32 |

There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school**.** 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

# TAFT CITY SCHOOL DISTRICT

**TABLE D-2**

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020

| Grade Level | Ed. Code 46207 Minutes Requirement | Ed. Code 46207 Adjusted & Reduced | 2019-20 Actual Minutes | Number of Days Traditional Calendar | Number of Days Multitrack Calendar | Status |
|---|---|---|---|---|---|---|
| Transitional Kindergarten | 36,000 | N/A | 55,140 | 180 | N/A | Complied |
| Kindergarten | 36,000 | N/A | 55,140 | 180 | N/A | Complied |
| Grade 1 | 50,400 | N/A | 55,140 | 180 | N/A | Complied |
| Grade 2 | 50,400 | N/A | 55,140 | 180 | N/A | Complied |
| Grade 3 | 50,400 | N/A | 55,140 | 180 | N/A | Complied |
| Grade 4 | 54,000 | N/A | 57,560 | 180 | N/A | Complied |
| Grade 5 | 54,000 | N/A | 57,560 | 180 | N/A | Complied |
| Grade 6 | 54,000 | N/A | 63,768 | 180 | N/A | Complied |
| Grade 7 | 54,000 | N/A | 63,768 | 180 | N/A | Complied |
| Grade 8 | 54,000 | N/A | 63,768 | 180 | N/A | Complied |

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

# TAFT CITY SCHOOL DISTRICT

**TABLE D-3**

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2020

| General Fund | Budget 2021 (see note 1) | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Revenues and other financial sources | $ 34,000,894 | $ 33,968,238 | $ 34,740,533 | $ 28,806,383 |
| Expenditures | 33,843,683 | 28,643,803 | 28,906,491 | 26,315,120 |
| Other uses and transfers out | - | 2,000,000 | 4,000,000 | 381,019 |
| Total outgo | 33,843,683 | 30,643,803 | 32,906,491 | 26,696,139 |
| Change in fund balance (deficit) | 157,211 | 3,324,435 | 1,834,042 | 2,110,244 |
| Ending fund balance | $ 20,378,163 | $ 20,220,952 | $ 16,896,517 | $ 15,062,475 |
| Available reserves (see note 2) | $ 1,032,131 | $ 860,396 | $ 3,000,000 | $ 1,668,257 |
| Available reserves as a percentage of total outgo (see note 3) | 3.0% | 3.0% | 9.0% | 6.0% |
| Total long-term debt | $ 73,286,483 | $ 74,458,429 | $ 78,298,024 | $ 80,065,894 |
| Average daily attendance at P-2 | 2,265 | 2,265 | 2,209 | 2,210 |

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

The fund balance of the General Fund has increased by $5,158,477 (34.2%) over the past two years. The fiscal year 2020-2021 budget projects an increase of $157,211 (0.8%). For a district of this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out and other uses (total outgo).

The District has not incurred an operating deficit in any of the past three years, and projects an increase during the 2020-2021 fiscal year. Total long-term debt has decreased by $5,607,465 over the past two years.

Average daily attendance has increased by 55 over the past two years. During fiscal year 2020-2021, no change in average daily attendance is anticipated.

NOTES:

1. The budget for 2021 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

## TAFT CITY SCHOOL DISTRICT

**TABLE D-4**

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

| | Cafeteria Fund |
|---|---|
| June 30, 2020, annual financial and budget report fund balances | $ 655,957 |
| Adjustments and reclassifications: | |
| Increasing (decreasing) the fund balance: | |
| Stores inventory adjustment to physical count | 10,514 |
| Net adjustments and reclassifications | 10,514 |
| June 30, 2020, audited financial statement fund balances | $ 666,471 |

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

SCHEDULE OF CHARTER SCHOOLS AND OTHER INFORMATION
YEAR ENDED JUNE 30, 2020

No charter schools are chartered by Taft City School District.

| Charter Schools | Included In Audit? |
| --- | --- |
| None | N/A |

Subrecipients
The District did not provide any awards to subrecipients.

De Minimis Cost Rate
The District did not elect to use the 10% de minimis cost rate.

Excess Sick Leave
The District did not authorize or accrue any excess sick leave as that term is defined in subdivision (c) of Education Code Section 22170.5 for the District's employees who are members of the California State Teachers' Retirement System (CalSTRS).

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| **CHILD NUTRITION CLUSTER:** | | | | |
| U. S. Department of Agriculture | | | | |
| Passed Through State Department of Education: | | | | |
| School Breakfast Program-Needy | 10.553 | 13525 | $ - | $ 462,273 |
| National School Lunch Program | 10.555 | 10523, 10524 | - | 1,275,474 |
| Total Passed Through State Department of Education | | | - | 1,737,747 |
| Total U. S. Department of Agriculture | | | - | 1,737,747 |
| Total Child Nutrition Cluster | | | - | 1,737,747 |
| **MEDICAID CLUSTER:** | | | | |
| U. S. Department of Health and Human Services | | | | |
| Passed Through County Office of Education: | | | | |
| Medical Assistance Program (Billing Option) | 93.778 | 10013 | - | 94,314 |
| Total U. S. Department of Health and Human Services | | | - | 94,314 |
| Total Medicaid Cluster | | | - | 94,314 |
| **SPECIAL EDUCATION (IDEA) CLUSTER:** | | | | |
| U. S. Department of Education | | | | |
| Passed Through California Department of Education (CDE): | | | | |
| Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 61 | 84.027 | 13379 | - | 471,355 |
| Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611 | 84.027 | 13682 | - | 38,314 |
| Special Ed: IDEA Preschool Grants, Part B, Sec 619 | 84.173 | 13430 | - | 22,358 |
| Total Passed Through California Department of Education (CDE) | | | - | 532,027 |
| Total U. S. Department of Education | | | - | 532,027 |
| Total Special Education (IDEA) Cluster | | | - | 532,027 |
| **OTHER PROGRAMS:** | | | | |
| U. S. Department of Education | | | | |
| Direct Program: | | | | |
| NCLB: Title VI, Part B: Rural & Low Income School Program | 84.358 | 14356 | - | 101,939 |
| Passed Through California Department of Education (CDE): | | | | |
| NCLB-Title I, Part A, Basic Grants Low Income and Neglected | 84.010 | 14329 | - | 678,334 |
| NCLB-Title I Migrant Ed Summer Program | 84.011 | 14326 | - | 55,693 |
| NCLB-Title I, Part C, Migrant Ed (Regular and Summer Program) | 84.011 | 14326 | - | 123,987 |
| NCLB: Title I, Part B, Even Start Migrant Education (MEES) | 84.214 | 10030 | - | 8,170 |
| NCLB: Title III, Limited English Proficiency (LEP) Student Program | 84.365 | 10084 | - | 127,208 |
| NCLB: Title II, Part A, Teacher Quality | 84.367 | 14341 | - | 127,258 |
| ESSA: Title IV, Part A, Student Support and Academic Enrichment G | 84.424 | 15396 | - | 133,315 |
| Total Passed Through California Department of Education (CDE) | | | - | 1,253,965 |
| Total U. S. Department of Education | | | $ - | $ 1,355,904 |
| U. S. Department of Agriculture | | | | |

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---|---|---|---|
| Passed Through California Department of Education (CDE): | | | | |
| Child Nutrtion: NSLP Equipment Assistance Grants | 10.579 | 14906 | $ - | $ 43,200 |
| Child Nutrition: Fresh Fruit and Vegetable Program | 10.582 | 14968 | - | 88,682 |
| Total Passed Through California Department of Education (CDE) | | | - | 131,882 |
| Passed Through State Department of Education: | | | | |
| Child Nutrition: Child Care Food Program (CCFP) Claims-Centers an | 10.558 | 13393 | - | 184,884 |
| Total U. S. Department of Agriculture | | | - | 316,766 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | $ - | $ 4,036,758 |

The accompanying notes are an integral part of this schedule.

Basis of Presentation

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

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Taft City School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The District did not participate in any loan or loan guarantee programs as described in Title 2, Code of Federal Regulations, Part 200.502(b) during the year.

Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent the difference between funds received and funds expended in the current year for programs which are classified as entitlements and therefore are not subject to revenue deferral. The unspent balances are reported as legally restricted ending balances with the General Fund.

| | Federal CFDA Number | Amount |
|---|---|---|
| Total Federal Revenues - Statement of Revenues, Expenditures and Changes in Fund Balances | | $ 4,024,154 |
| Reconciling items: Medical Assistance Program | 93.778 | 12,604 |
| Total Expenditures of Federal Awards | | $ 4,036,758 |

Other Independent Auditor's Reports

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Taft City School District
Taft, California 93268

Members of the Board of Trustees:

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 Taft City School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Taft City School District's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Taft City 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 the Taft City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Taft City 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Taft City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 11, 2020

**Linger, Peterson & Shrum**
Certified Public Accountants
575 E. Locust Ave., Suite 308
Fresno, California 93720-2928
(559) 438-8740

Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Taft City School District
Taft, California 93268

Members of the Board of Trustees:

**Report on Compliance for Each Major Federal Program**

We have audited the Taft City 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 Taft City School District's major federal program for the year ended June 30, 2020. Taft City School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Taft City 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 the Taft City 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 the Taft City School District's compliance

**Opinion on Each Major Federal Program**

In our opinion, the Taft City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the Taft City 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 the Taft City 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 the Taft City School District's internal control over compliance.

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

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

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 11, 2020

**Linger, Peterson & Shrum**
Certified Public Accountant
575 East Locust Avenue, Suite 308
Fresno, California 93720-2928

## Independent Auditor's Report on State Compliance

Board of Trustees
Taft City School District
Taft, California 93268

Members of the Board of Trustees:

### Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2020.

### Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810**.** 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 State's audit guide, *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations,* Section 19810. Those standards and 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 direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

| Compliance Requirements | Procedures in Audit Guide Performed? |
|---|---|
| **LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:** | |
| Attendance Accounting: | |
| Attendance Reporting | Yes |
| Teacher Certification and Misassignments | Yes |
| Kindergarten Continuance | Yes |
| Independent Study | N/A |
| Continuation Education | N/A |
| Instructional Time | Yes |
| Instructional Materials | Yes |
| Ratio of Administrative Employees to Teachers | Yes |
| Classroom Teacher Salaries | Yes |
| Early Retirement Incentive | N/A |
| GANN Limit Calculation | Yes |
| School Accountability Report Card | Yes |
| Juvenile Court Schools | N/A |
| Middle or Early College High Schools | N/A |
| K-3 Grade Span Adjustment | Yes |
| Transportation Maintenance of Effort | Yes |
| Apprenticeship: Related and Supplemental Instruction | N/A |
| Comprehensive School Safety Plan | Yes |
| District of Choice | N/A |
| **SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:** | |
| California Clean Energy Jobs Act | Yes |
| After School Education and Safety Program: | |
| After School | Yes |
| Before School | N/A |
| General Requirements | Yes |
| Proper Expenditure of Education Protection Account Funds | Yes |
| Unduplicated Local Control Funding Formula Pupil Counts | Yes |
| Local Control and Accountability Plan | Yes |
| Independent Study-Course Based | N/A |
| **CHARTER SCHOOLS:** | |
| Attendance | N/A |
| Mode of Instruction | N/A |
| Nonclassroom-Based Instruction/Independent Study | N/A |
| Determination of Funding for Nonclassroom-Based Instruction | N/A |
| Annual Instructional Minutes - Classroom Based | N/A |
| Charter School Facility Grant Program | N/A |

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

**Basis for Qualified Opinion on State Compliance**

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding the following:

| Finding No. | Compliance Requirement |
|---|---|
| 2020-001 | Classroom Teacher Salaries |

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

**Qualified Opinion on State Compliance for Classroom Teacher Salaries**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on State Compliance paragraph, the Taft City School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements identified in the Auditor's Responsibility section above for the year ended June 30, 2019.

**Unmodified Opinion on Each of the Other State Programs**

In our opinion, Taft City School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above, for each of its other State Programs identified in the Auditor's Responsibility section for the year ended June 30, 2019.

**Taft City School District's Response to Findings**

Taft City School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Taft City School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations,* Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Linger, Peterson & Shrum

Linger, Peterson & Shrum
Fresno, California
December 11, 2020

# Findings and Recommendations Section

**TAFT CITY SCHOOL DISTRICT**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

**A. Summary of Auditor's Results**

1. Financial Statements

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued: | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| One or more material weaknesses identified? | ____ | Yes | X | No |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | ____ | Yes | X | None Reported |
| Noncompliance material to financial statements noted? | ____ | Yes | X | No |

2. Federal Awards

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| One or more material weaknesses identified? | ____ | Yes | X | No |
| One or more significant deficiencies identified that are not considered to be material weaknesses? | ____ | Yes | X | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified | | | |
| Version of compliance supplement used in audit: | August 2019 | | | |
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? | ____ | Yes | X | No |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| 10.553, 10.555, 10.559 | Child Nutrition Cluster |

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

3. State Awards

| | | | | |
|---|---|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? | X | Yes | ____ | No |
| Type of auditor's report issued on compliance for state programs: | Modified | | | |

## B. Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 |through 5.20 of "Government Auditing Standards."

There were no Financial Statement findings or questioned costs.

## C. Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no Federal award findings or questioned costs.

## D. State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with State program rules and regulations.

### 2020-001 Classroom Teacher Salaries [61000]

Federal Program Information

This finding does not relate to any Federal programs.

Criteria or Specific Requirement

For an elementary school district, 60% of the district's current expense of education should be for salaries of classroom teachers, as set forth in Education Code Section 41372 (b)(1).

Condition

The District did not meet the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers. The percentage should have been at least 60%, and it was only 57.94%.

Questioned Costs

The questioned cost is the deficiency amount of $493,172.66.

Perspective

| | | |
|---|---|---|
| Minimum percentage required | 60.00 | % |
| Percentage spent by this District | 57.94 | |
| Percentage below the minimum | 2.06 | % |
| District's current expense of education after reductions | $ 23,940,420.54 | |
| Deficiency amount | $ 493,172.66 | |

Effect

The District did not pay out 60% of the District's current expense of education for salaries of classroom teachers. The District was deficient by $493,172.66. The District may be required to add the deficient amount of $493,172.66 to the amounts to be expended for salaries of classroom teachers during 2020-2021.

Cause

The new Local Control Funding Formula has increased the District's revenue and changed the allowable and required uses of the revenues, thus affecting the ratio of classroom expenditures versus operating expenditures. More funding is counted in this percentage than ever before, which makes it more difficult to meet.

Recommendation

The District should take steps to remedy this situation by being pro-active in ensuring that when additional programs and services for students are being added, that more attention be taken to ensure additional funds are being directed toward classroom expenditures. Also, as State Teacher Retirement contribution rates increase over the next several years, more funds will be spent on classroom expenditures each year as well. For this year, the District could apply for an "Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries."

Views of Responsible Officials and Planned Corrective Actions

The District completed the "Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries." The District management also believes that this formula should be updated to more appropriately reflect the adjustments and changes to LCAP.

**TAFT CITY SCHOOL DISTRICT**
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

| Finding/Recommendation | Current Status | Management's Explanation If Not Implemented |
|---|---|---|
| 2019-001 Classroom Teacher Salaries [61000] The District did not meet the current expense of education percentage requirements for expenditure for payment of salaries of classroom teachers. The percentage should have been at least 60%, and it was only 58.85%. | Not implemented | See current year finding. The District management believes that this formula should be updated to more appropriately reflect the adjustments and changes to LCAP. |

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# APPENDIX C

# GENERAL INFORMATION ABOUT THE TAFT CITY AND KERN COUNTY

*The following information concerning the Taft City (the "**City**") and Kern County (the "**County**") is included only for the purpose of supplying general information regarding the area of the District. The Certificates are not a debt of the City, the County, the State or any of its political subdivisions (other than the District), and neither the City, the County, the State nor any of its political subdivisions (other than the District) is liable therefor.*

## General

The District lies in the County, which is located approximately 100 miles north of Los Angeles County in south-central California. The County is the third largest county in California, covering 8,073 square miles. Surrounded by three major mountain ranges, the County has three climatic zones; valley, mountain and high desert. Bordered on the west by San Luis Obispo and Santa Barbara Counties, to the east by San Bernardino County and on the north by Kings, Tulare and Inyo Counties, Kern County measures 120 miles east to west and 67 miles north to south. Bakersfield is the largest city in the County and serves as the county seat.

The District is located in a community deeply rooted in agriculture. Cotton, sugar beets, potatoes, and roses are some of the leading enterprises. A citrus processing plant, an almond hulling facility, and a winery further serve the area's agriculture and economic interests.

## Population

The following table lists population figures for the County and major cities in the County (including the City) as of January 1, for the last five completed calendar years.

**KERN COUNTY**
**Population Estimates**
**Calendar Years 2017 through 2021**

| Area | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Arvin | 20,630 | 21,035 | 21,565 | 21,947 | 22,014 |
| Bakersfield | 379,862 | 384,704 | 388,588 | 394,328 | 397,392 |
| California City | 14,080 | 14,398 | 14,488 | 14,233 | 14,120 |
| Delano | 52,249 | 52,372 | 52,482 | 53,110 | 51,070 |
| Maricopa | 1,150 | 1,144 | 1,139 | 1,143 | 1,142 |
| Mcfarland | 14,634 | 14,860 | 14,885 | 14,296 | 14,044 |
| Ridgecrest | 28,636 | 28,873 | 29,112 | 29,422 | 29,591 |
| Shafter | 18,610 | 19,094 | 19,746 | 20,328 | 20,448 |
| **Taft** | **9,440** | **9,490** | **9,426** | **8,701** | **7,142** |
| Tehachapi | 12,544 | 12,412 | 13,070 | 12,779 | 12,008 |
| Wasco | 26,758 | 27,366 | 27,582 | 28,940 | 26,815 |
| Unincorporated | 311,459 | 313,076 | 314,982 | 317,601 | 318,407 |
| **County Total** | **890,052** | **898,824** | **907,065** | **916,828** | **914,193** |

*Source: State Department of Finance estimates.*

## Employment and Industry

The District is included in the Bakersfield Metropolitan Statistical Area (the "**MSA**"), which consists of the County. The unemployment rate in the County was 10.8% in June 2021, up from a revised 10.0% in May 2021, and below the year-ago estimate of 15.7%. This compares with an unadjusted unemployment rate of 8.0% for California and 6.1% for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2016 through 2020.

**BAKERSFIELD METROPOLITAN STATISTICAL AREA**
**(KERN COUNTY)**
**Annual Average Civilian Labor Force, Employment and Unemployment,**
**Employment by Industry**
**Calendar Years 2016 through 2020**
**(March 2020 Benchmark)**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Civilian Labor Force (1) | 388,100 | 384,300 | 385,800 | 388,100 | 383,800 |
| Employment | 347,700 | 348,700 | 354,500 | 357,500 | 335,700 |
| Unemployment | 40,400 | 35,600 | 31,300 | 30,700 | 48,100 |
| Unemployment Rate | 10.4% | 9.3% | 8.1% | 7.9% | 12.5% |
| Wage and Salary Employment: (2) | | | | | |
| Agriculture | 62,700 | 62,100 | 62,400 | 63,100 | 59,700 |
| Mining and Logging | 9,000 | 8,600 | 9,300 | 9,600 | 7,900 |
| Construction | 14,500 | 14,900 | 15,900 | 16,300 | 15,300 |
| Manufacturing | 13,500 | 13,400 | 13,200 | 12,900 | 12,400 |
| Wholesale Trade | 8,100 | 8,200 | 8,300 | 8,000 | 7,600 |
| Retail Trade | 32,100 | 32,000 | 31,800 | 31,100 | 30,100 |
| Transportation, Warehousing, Utilities | 11,000 | 11,500 | 13,200 | 13,700 | 14,400 |
| Information | 2,200 | 2,000 | 2,000 | 1,900 | 1,500 |
| Finance and Insurance | 4,700 | 4,700 | 4,400 | 4,300 | 4,100 |
| Real Estate and Rental and Leasing | 3,100 | 3,000 | 3,100 | 3,200 | 3,100 |
| Professional and Business Services | 26,000 | 25,600 | 26,700 | 28,000 | 26,500 |
| Educational and Health Services | 34,800 | 36,400 | 38,100 | 40,900 | 41,000 |
| Leisure and Hospitality | 25,500 | 25,900 | 26,700 | 27,600 | 22,800 |
| Other Services | 7,700 | 7,700 | 7,900 | 8,300 | 7,300 |
| Federal Government | 10,200 | 10,400 | 10,600 | 10,900 | 11,400 |
| State Government | 9,900 | 10,100 | 10,200 | 10,200 | 10,200 |
| Local Government | 43,700 | 44,700 | 45,300 | 46,500 | 43,900 |
| Total all Industries (3) | 318,600 | 321,300 | 329,200 | 336,500 | 319,100 |

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
*Source: State of California Employment Development Department.*

**Major Employers**

The table below lists the major employers in the County as of September 2021, listed alphabetically.

**KERN COUNTY**
**Major Employers**
**As of September 2021**

| Employer Name | Location | Industry |
|---|---|---|
| Adventist Health Bakersfield | Bakersfield | Hospitals |
| Bolthouse Farms | Bakersfield | Agricultural Consultants |
| California Correctional Inst | Tehachapi | Government Offices-State |
| Chevron Corp | Bakersfield | Management Services |
| Dignity Health Mercy Downtown | Bakersfield | Hospitals |
| Edwards Air Force Base | Edwards | Military Bases |
| Ensign United States Drilling | Bakersfield | Energy Management Systems & Products |
| Foster Care Human Svc | Bakersfield | Foster Care |
| Grimmway Farms | Arvin | Farms |
| Kern County Human Svc Dept | Bakersfield | Government Offices-County |
| Marko Zaninovich Inc | Mc Farland | Fruits & Vegetables-Growers & Shippers |
| Memorial Hospital Bakersfield | Bakersfield | Hospitals |
| Nabors Completion-Production | Bakersfield | Oil Field Service |
| Nasa's Armstrong Flight Rsrch | Edwards | Federal Government-Space Research/Tech |
| Nasa/Armstrong Flight Research | Edwards | Research Service |
| NAVAL Air Warfare Ctr | Ridgecrest | Military Bases |
| Paramount Farms Huller 4 | Lost Hills | Farms |
| Ridgecrest Regional Hospital | Ridgecrest | Hospitals |
| Robertson's Ready Mix | California City | Concrete-Ready Mixed |
| Sierra Sands Unified Sch Dist | Ridgecrest | School Districts |
| Sun Pacific | Bakersfield | Fruits & Vegetables-Growers & Shippers |
| US Naval Air Weapons Station | Ridgecrest | Federal Government-National Security |
| US Navy Public Affairs Office | Ridgecrest | Government Offices-Federal |
| Vasinda Investments Inc | Bakersfield | Home Health Service |
| Wasco State Prison Fire Dept | Wasco | Government Offices-State |

*Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2021 1st Edition*

## Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2017 through 2021.

**TAFT CITY, KERN COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES**
**Effective Buying Income**
**As of January 1, 2017 through 2021**

| Year | Area | Total Effective Buying Income (000's Omitted) | Median Household Effective Buying Income |
|---|---|---|---|
| 2017 | Taft City | $131,265 | $41,330 |
| | Kern County | 15,494,594 | 44,716 |
| | California | 1,036,142,723 | 55,681 |
| | United States | 8,132,748,136 | 48,043 |
| 2018 | Taft City | $135,993 | $45,183 |
| | Kern County | 16,598,425 | 47,525 |
| | California | 1,113,648,181 | 59,646 |
| | United States | 8,640,770,229 | 50,735 |
| 2019 | Taft City | $123,050 | $39,260 |
| | Kern County | 15,778,809 | 44,937 |
| | California | 1,183,264,399 | 62,637 |
| | United States | 9,017,967,563 | 52,841 |
| 2020 | Taft City | $119,527 | $39,149 |
| | Kern County | 16,273,026 | 45,789 |
| | California | 1,243,564,816 | 65,870 |
| | United States | 9,487,165,436 | 55,303 |
| 2021 | Taft City | $121,339 | $39,238 |
| | Kern County | 16,635,009 | 46,320 |
| | California | 1,290,894,604 | 67,956 |
| | United States | 9,809,944,764 | 56,790 |

*Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.*

## Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2021 in the City were reported to be $28,009,535, a 10.91% decrease over the total taxable sales of $31,439,194 reported during the first quarter of calendar year 2020.

**TAFT CITY**
**Taxable Retail Sales**
**Number of Permits and Valuation of Taxable Transactions**
**(Figures in Thousands)**

| | **Retail Stores** | | **Total Outlets** | |
|---|---|---|---|---|
| Year | Retail Permits on July 1 | Taxable Transactions | Total Permits on July 1 | Taxable Transactions |
| 2016 | 162 | $69,890 | 235 | $103,921 |
| 2017 | 176 | 72,545 | 250 | 114,387 |
| 2018 | 165 | 76,020 | 249 | 127,117 |
| 2019 | 164 | 75,624 | 253 | 131,112 |
| 2020 | 164 | 71,233 | 261 | 108,494 |

*Source: State Department of Tax and Fee Administration.*

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2021 in the County were reported to be $4,046,996,633, a 13.33% increase over the total taxable sales of $3,570,921,306 reported during calendar year 2020.

**KERN COUNTY**
**Taxable Retail Sales**
**Number of Permits and Valuation of Taxable Transactions**
**(Figures in Thousands)**

| | **Retail Stores** | | **Total Outlets** | |
|---|---|---|---|---|
| Year | Retail Permits on July 1 | Taxable Transactions | Total Permits on July 1 | Taxable Transactions |
| 2016 | 12,097 | $8,566,623 | 18,556 | $13,885,643 |
| 2017 | 12,253 | 9,021,040 | 18,743 | 13,883,734 |
| 2018 | 12,558 | 9,716,458 | 19,612 | 15,130,972 |
| 2019 | 13,152 | 10,076,907 | 20,757 | 15,688,343 |
| 2020 | 14,564 | 10,673,146 | 23,038 | 15,947,611 |

*Source: State Department of Tax and Fee Administration.*

## Construction Activity

Building activity for the past five years in the City and the County are shown in the following tables.

**TAFT CITY**
**Total Building Permit Valuations**
**For Calendar Years 2016 through 2020**
**(Valuations in Thousands)**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $1,408.6 | $1,060.6 | $1,473.1 | $1,910.9 | $1,058.4 |
| New Multi-family | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Res. Alterations/Additions | 75.9 | 199.8 | 177.3 | 482.6 | 414.9 |
| Total Residential | 1,484.50 | 1,260.4 | 1,650.4 | 2,393.5 | 1,473.3 |
| New Commercial | 9.5 | 2,638.1 | 1,111.6 | 865.7 | 6,101.6 |
| New Industrial | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Other | 184.9 | 381.6 | 147.9 | 289.2 | 1,452.5 |
| Com. Alterations/Additions | 235.6 | 314.0 | 34.5 | 556.3 | 151.5 |
| Total Nonresidential | 430.0 | 3,333.7 | 1,294.0 | 1,711.2 | 7,705.6 |
| New Dwelling Units | | | | | |
| Single Family | 8 | 6 | 8 | 12 | 6 |
| Multiple Family | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 8 | 6 | 8 | 12 | 6 |

*Source: Construction Industry Research Board, Building Permit Summary.*

**KERN COUNTY**
**Total Building Permit Valuations**
**For Calendar Years 2016 through 2020**
**(Valuations in Thousands)**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-family | $489,908.4 | $396,101.1 | $425,996.3 | $521,228.1 | $543,418.9 |
| New Multi-family | 12,501.0 | 2,169.0 | 43,680.2 | 36,336.2 | 79,037.3 |
| Res. Alterations/Additions | 30,119.6 | 44,923.8 | 29,973.5 | 29,902.1 | 34,492.8 |
| Total Residential | 532,529.0 | 443,193.9 | 499,650.0 | 587,466.4 | 656,949.0 |
| New Commercial | 121,385.2 | 182,439.2 | 385,525.8 | 188,922.6 | 202,980.3 |
| New Industrial | 5,469.5 | 14,027.3 | 5,884.3 | 596.9 | 1,084.7 |
| New Other | 89,364.6 | 52,473.9 | 62,362.4 | 32,677.2 | 36,270.5 |
| Com. Alterations/Additions | 132,775.7 | 121,754.7 | 116,848.6 | 140,850.1 | 169,596.1 |
| Total Nonresidential | 348,995.0 | 370,695.1 | 570,621.1 | 363,046.8 | 409,931.6 |
| New Dwelling Units | | | | | |
| Single Family | 2,181 | 1,844 | 1,894 | 2,260 | 2,272 |
| Multiple Family | 66 | 10 | 346 | 659 | 460 |
| TOTAL | 2,247 | 1,854 | 2,240 | 2,919 | 2,732 |

*Source: Construction Industry Research Board, Building Permit Summary.*

**Transportation**

Well-developed surface and air transportation facilities are available to City residents and business firms. Main lines of both the Union Pacific and the Burlington Northern Santa Fe railroads traverse the area. Amtrak service is available.

State Highway 99, the main north-south artery serving the most populous communities along the east side of the Central Valley, runs through the center of the City. State Highway 58 provides east-west linkage between Interstate 5, 20 miles west, and Interstate 15 at Barstow, to the east, Highway 178, heading northeast, is the major route along the Kern River Valley. Highway 65, to the north, provides access to communities east of Highway 99 and to Sequoia National Park.

Interurban motor transportation is made available by Orange Belt Stages, Greyhound, and Trailways. Golden Empire Transit provides local bus transportation.

The Meadows Field Airport adjoins the City to the north. Regularly scheduled passenger and air cargo service is available, as well as charter service and general aviation services. The Meadows Field Airport includes the William M. Thomas Terminal, a 64,800 square foot, state-of-the-art terminal facility completed in November 2005 that is currently equipped with three jet-boarding bridges, but that may be expanded to accommodate up to nine gates. A second, older terminal has been converted to accommodate international flights to Mexico.

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# APPENDIX D

## FORM OF OPINION OF BOND COUNSEL

October 6, 2021

Board of Trustees
Taft City School District
820 Sixth Street
Taft, California 93268

***OPINION:*** $3,820,000 Taft City School District 2022 General Obligation Refunding Bonds (Federally Taxable)

Members of the Board of Trustees:

We have acted as bond counsel to the Taft City School District (the "District") in connection with the issuance by the Board of Trustees of the District (the "Board") of its $3,820,000 principal amount of Taft City School District (Kern County, California) 2021 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the "Bond Law"), and a resolution of the Board of Trustees of the District (the "Board") adopted on September 8, 2021 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to issue the Bonds and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the Kern County is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates).

4. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

*Jones Hall,*
A Professional Law Corporation

## APPENDIX E

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

**$3,820,000**
**TAFT CITY SCHOOL DISTRICT**
**(Kern County, California)**
**2021 General Obligation Refunding Bonds**
**(Federally Taxable)**

### Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Taft City School District (the "District") in connection with the issuance of $3,820,000 aggregate principal amount of Taft City School District (Kern County, California) 2021 General Obligation Refunding Bonds (Federally Taxable) (the "Bonds"). The Bonds are being issued under a resolution adopted by the Board of Trustees of the District on September 8, 2021 (the "Bond Resolution"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means initially Isom Advisors, a Division of Urban Futures, Inc., or any other third party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means Raymond James & Associates, Inc., the original underwriter of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"*Paying Agent*" means U.S. Bank National Association, or any successor thereto.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2022 with the report for the 2020-21 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided that the filing of the Official Statement with the MSRB will serve as the first Annual Report. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice of failure to file.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year:

(i) assessed valuation of taxable properties in the District for the most recently completed fiscal year or, if available at the time of filing the Annual Report, for the then-current fiscal year;

(ii) assessed valuation of properties of the top twenty taxpayers in the District for the most recently completed fiscal year or, if available at the time of filing the Annual Report, for the then-current fiscal year;

(iii) property tax collection delinquencies for the District for the most recently completed fiscal year, if available from the County at the time of filing the Annual Report, but only if the District's general obligation bond tax levy is not included in the Teeter Plan; and

(iv) the District's most recently adopted Budget or approved interim report with budgeted figures, which is available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, 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, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6) (other than adverse tax opinions with respect to the tax status of the Bonds or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a notice of Proposed Issuance (IRS Form 5701 TEB) with respect to the Bonds), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) or (a)(15) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above 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.

(c) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule, and the issuer thereof has entered into a continuing disclosure undertaking for such municipal securities.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, a Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: October 6, 2021

**TAFT CITY SCHOOL DISTRICT**

By: ________________________________
Superintendent

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## APPENDIX F

## DTC AND THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Refunding Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Refunding Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Refunding Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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# APPENDIX G

# KERN COUNTY INVESTMENT POLICY AND INVESTMENT REPORT

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# OFFICE OF THE TREASURER-TAX COLLECTOR
# COUNTY OF KERN

## TREASURER'S STATEMENT OF INVESTMENT POLICY
## *Approved By the Board of Supervisors December 15, 2020*

**SCOPE:**

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

**FIDUCIARY RESPONSIBILITY:**

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

**PORTFOLIO OBJECTIVES:**

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

**AUTHORIZED INVESTMENTS:**

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

**PROHIBITED INVESTMENTS:**

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

**STAFF AUTHORIZED TO MAKE INVESTMENTS:**

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

**AUTHORIZED BROKER/DEALERS:**

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

**DUE DILIGENCE:**

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

**INTERNAL CONTROL:**

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

## SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

## COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

## LIQUIDITY:

The portfolio will maintain a weighted-average maturity of no greater than 2 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 30% of its total book value in securities having a maturity of one (1) year or less.

## PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

## MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

**TRADING & EARLY SALE OF SECURITIES:**

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

**PORTFOLIO REPORTS/AUDITING:**

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

**TREASURY OVERSIGHT COMMITTEE:**

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph

M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

**QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:**

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

**QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:**

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to*:* wire transfers, custodial safekeeping charges, necessary capital outlay*s*, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

**WITHDRAWAL OF FUNDS:**

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

| | |
|---|---|
| Withdrawals of up to $10,000,000 | 24 hours |
| Withdrawals of $10,000,001 and more | 72 hours |

Notification should be by email toTTC@kerncounty.com. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

**POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:**

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

**ETHICS & CONFLICTS OF INTEREST:**

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

**POLICY ADOPTION & AMENDMENTS:**

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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**OFFICE OF THE TREASURER**
**COUNTY OF KERN**
*STATEMENT OF INVESTMENT POLICY*

## Schedule I

### Authorized Investments

| AUTHORIZED INVESTMENTS | MAXIMUM HOLDINGS | PURCHASE RESTRICTIONS | MAXIMUM MATURITY | CREDIT QUALITY (S&P/MOODY'S/ FITCH) |
|---|---|---|---|---|
| Inactive Accounts aka Money Market Accounts | $50,000,000 per account | Limited to depository's described in CGC 53630.5 | Daily | Collateralization requirements per Govt Code section 53652. |
| U.S. Treasury Obligations | 100% | None | 5 years | Not Applicable |
| Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises | 75% | Maximum per issuer limit of 40% | 5 years | Not Applicable |
| Bonds, notes, warrants or certificates of indebtedness issued by the State of California | 10% | None | 5 years | AA by at least 2 of the 3 rating agencies |
| Cash substitutes issued by the State of California | 25% | Applies only to cash substitutes issued by the State during periods of fiscal emergency | 5 years | Not Applicable |
| Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California | 10% | None | 5 years | AAA by at least 2 of the 3 rating agencies |
| Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states | 10% | See Note 1 | 5 years | AAA by at least 2 of the 3 rating agencies |
| Bankers Acceptances | 30% | See Note 1 | 180 Days | Minimum A-1, P-1 or F1 |



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| | | | | |
|---|---|---|---|---|
| Commercial paper of U.S. Corps with total assets in excess of $500 MM | 40% total for all Commercial Paper | Max 10% of outstanding paper of any one issuer & max. See Note 1 | 270 Days | Minimum A-1, P-1 or F1 |
| Asset-backed Commercial Paper | Included in Commercial Paper Requirements | Issuer must have program-wide credit enhancements | 270 Days | Minimum A-1, P-1 or F1 |
| Local Agency Investment Fund (LAIF) | Maximum amount permitted by LAIF | LAIF Policies | Daily | Not Applicable |
| Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank | 30% | See Note 1 | 5 years | Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies) |
| Collateralized Certificates of Deposit/Deposits | 10% | As stipulated in Article 2, Section 53630 et al of the Calif. Government Code | 1 year | See Section 53630 et al of the California Government Code |
| Repurchase Agreements with 102% collateral | 40% | Repurchase Agreements(contracts) must be on file | 180 days | Restricted to Primary Dealers on Eligible Dealer list |
| Reverse Repurchase Agreements | 10% | See Schedule II | 92 days (See Schedule III) | Restricted to Primary Dealers on Eligible Dealer list |
| Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S. | 30% | See Note 1 | 5 years | Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies) |
| Money Market Mutual Funds that meet requirements of Calif. Gov't. Code | 20% | Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF. | Daily | AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements |

| | | | | |
|---|---|---|---|---|
| Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs) | 10% | Max 20% of a JPA pool at time of purchase | Daily | Advisor requirements |
| Asset-Backed Securities | 10% | See Note 1 | 5 years | AAA by at least 2 of the 3 ratings agencies |
| Supranationals | 10% | International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015. | 5 years | AAA by at least 2 of the 3 rating agencies |

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

| MATURITY STRUCTURE | | |
|---|---|---|
| Maturity Range | No less Than | No more than |
| 0-366 Days - 0 to 12months | 30% | n/a |
| 367- 1097 Days - 1 to 3 years | n/a | 70% |
| 1097-1827 Days - 3 to 5 years | n/a | 30% |

The weighted-average maturity of the portfolio will not exceed 2 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS

Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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## *SCHEDULE II*

### POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

OFFICE OF THE TREASURER
**COUNTY OF KERN**
*STATEMENT OF INVESTMENT POLICY*

# SCHEDULE III

## *POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS*

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

OFFICE OF THE TREASURER
**COUNTY OF KERN**
*STATEMENT OF INVESTMENT POLICY*

# SCHEDULE IV

## POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on the securities offered for sale.
   (c) Be willing to purchase securities from our portfolio.
   (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities


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dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

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## GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called “Market Risk”.

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer’s Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors. Effective December 8, 2020, Rule 501(a) and Rule 144A of the Securities Act were amended to include government bodies in the definitions of “accredited investor” and “qualified institutional buyer” thereby allowing broker/dealers to sell private placement securities to government entities.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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**BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE**

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I____________________________ of __________________________
(Name) (Company)

hereby certify that:

1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

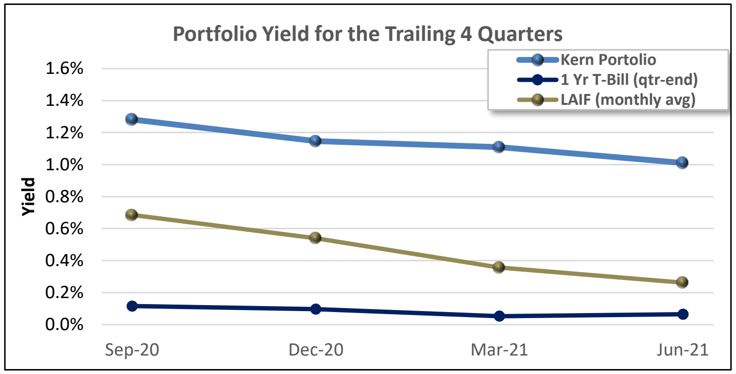
2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

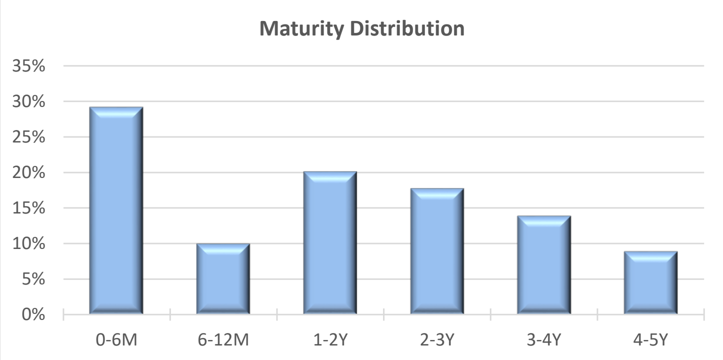
Signed:

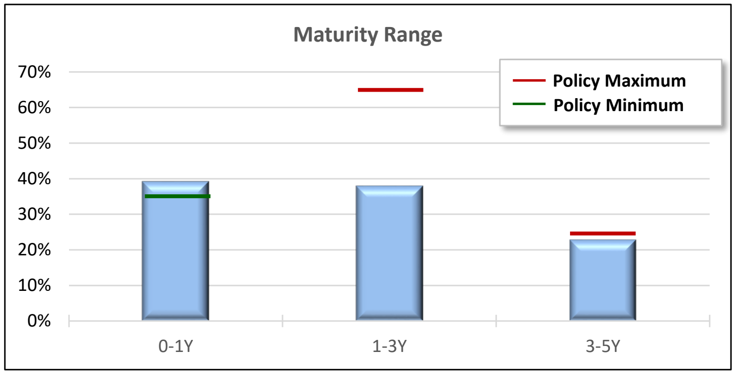
________________________________________ Date:________________________

# Kern County Treasurer's Pooled Cash
## Portfolio Summary
### 6/30/2021

| | |
|---|---|
| **Total Market Value** | $ 4,445,277,175 |
| **Yield to Maturity at Cost** | 1.01% |
| **Yield to Maturity at Market** | 0.32% |
| **Effective Duration** | 1.60 |
| **Weighted Average Years to Maturity** | 1.75 |



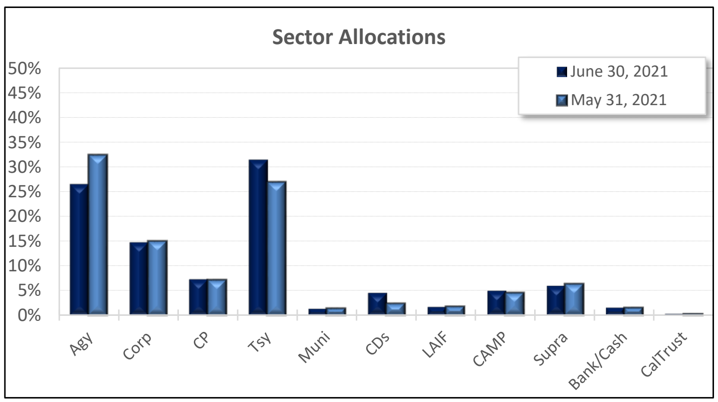



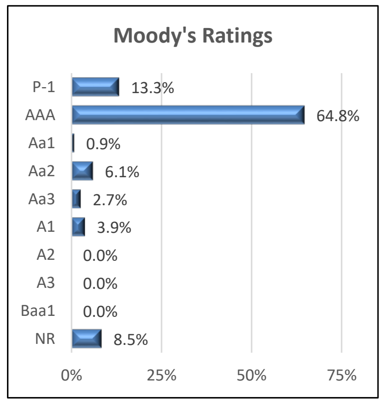



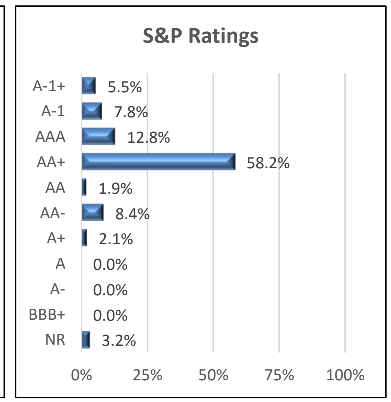

*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

# Kern County Treasurer's Pooled Cash
## Portfolio Summary
**6/30/2021**

| Sector | Par Amount | Original Cost | Market Value | Original Yield | % of Total Assets | Policy Limit Rating | Days to Maturity |
|---|---|---|---|---|---|---|---|
| Local Agency Investment Fund | 74,670,273 | 74,670,273 | 74,670,273 | 0.24% | 1.68% | $75 Million | 1 |
| California Asset Management Program | 218,805,931 | 218,805,931 | 218,805,931 | 0.05% | 4.92% | 10% | 1 |
| CalTRUST | 11,571,297 | 11,571,297 | 11,571,297 | 0.03% | 0.26% | 10% | 1 |
| Bank Sweep (ICS) | 15,084,104 | 15,084,104 | 15,084,104 | 0.15% | 0.34% | 10% | 1 |
| U.S. Treasuries | 1,345,500,000 | 1,382,403,652 | 1,386,270,912 | 0.79% | 31.19% | 100% | 925 |
| Federal Agencies | 1,157,039,000 | 1,164,419,011 | 1,176,372,358 | 1.19% | 26.46% | 75% | 665 |
| Municipal Bonds | 57,110,000 | 58,306,848 | 59,605,011 | 2.28% | 1.34% | 10% | 531 |
| Supranationals | 255,506,000 | 261,298,743 | 262,460,837 | 1.03% | 5.90% | 10% | 735 |
| Negotiable CDs | 200,000,000 | 200,000,000 | 199,997,939 | 0.17% | 4.50% | 30% | 262 |
| Commercial Paper | 320,000,000 | 319,788,956 | 319,896,128 | 0.13% | 7.20% | 40% | 81 |
| Corporate Notes | 648,238,000 | 649,908,229 | 667,662,709 | 2.20% | 15.02% | 30% | 645 |
| **Total Securities** | 4,303,524,605 | 4,356,257,044 | 4,392,397,501 | 1.01% | 98.81% | | 637 |
| Total Cash | 52,879,675 | 52,879,675 | 52,879,675 | | 1.19% | | |
| **Total Assets** | 4,356,404,280 | 4,409,136,719 | 4,445,277,175 | | 100.00% | | |



# Treasurer's Pooled Cash
## Portfolio Management
### Portfolio Details - Investments
### June 30, 2021

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Pooled Funds** | | | | | | | | | | | | |
| 00499KTX1 | 8940 | JPM Short Term Inv Fund | | 07/01/2019 | 225,464.39 | 225,464.39 | 225,464.39 | 0.001 | Aaa | AAA | 0.001 | |
| 539995217 | 419 | Local Agency Investment Fund | | 07/01/2019 | 74,444,808.95 | 74,444,808.95 | 74,444,808.95 | 0.240 | | | 0.240 | |
| | | **Subtotal and Average** | **74,670,272.62** | | **74,670,273.34** | **74,670,273.34** | **74,670,273.34** | | | | **0.239** | |
| **Negotiable CD's** | | | | | | | | | | | | |
| 06367CGR2 | 15916 | Bank of Montreal Chicago | | 06/21/2021 | 25,000,000.00 | 25,000,000.00 | 25,000,000.00 | 0.110 | P-1 | A-1 | 0.112 | 11/22/2021 |
| 06367CHG5 | 15919 | Bank of Montreal Chicago | | 06/24/2021 | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.210 | P-1 | A-1 | 0.213 | 07/12/2022 |
| 06367CHG5 | 15920 | Bank of Montreal Chicago | | 06/24/2021 | 50,000,000.00 | 50,000,000.00 | 50,000,000.00 | 0.210 | P-1 | A-1 | 0.213 | 07/12/2022 |
| 21684XRZ1 | 15922 | RABOBANK NED NY | | 06/24/2021 | 25,000,000.00 | 25,000,000.00 | 25,000,000.00 | 0.120 | P-1 | A-1 | 0.122 | 11/24/2021 |
| 78012UM44 | 15904 | Royal Bank of Canada NY | | 05/26/2021 | 25,000,000.00 | 24,997,939.25 | 25,000,000.00 | 0.120 | P-1 | A-1 | 0.122 | 02/22/2022 |
| 89114W5J0 | 15851 | Toronto Dominion Bank NY | | 03/15/2021 | 25,000,000.00 | 25,000,000.00 | 25,000,000.00 | 0.160 | P-1 | A-1 | 0.162 | 09/07/2021 |
| | | **Subtotal and Average** | **109,166,666.67** | | **200,000,000.00** | **199,997,939.25** | **200,000,000.00** | | | | **0.171** | |
| **Commercial Paper - Discount** | | | | | | | | | | | | |
| 06742XFY8 | 15910 | Barclays Bank PLC | | 05/19/2021 | 20,000,000.00 | 19,979,264.40 | 19,981,900.00 | 0.180 | P-1 | A-1 | 0.185 | 11/16/2021 |
| 22533TW36 | 15857 | Credit Agricole | | 03/31/2021 | 50,000,000.00 | 49,986,661.00 | 49,974,000.00 | 0.120 | P-1 | A-1 | 0.123 | 09/03/2021 |
| 22533TV52 | 15832 | Credit Agricole NY | | 01/27/2021 | 25,000,000.00 | 24,996,358.25 | 24,981,527.78 | 0.140 | P-1 | A-1 | 0.144 | 08/05/2021 |
| 22533TV52 | 15833 | Credit Agricole NY | | 01/27/2021 | 50,000,000.00 | 49,992,716.50 | 49,963,055.56 | 0.140 | P-1 | A-1 | 0.144 | 08/05/2021 |
| 62479LUW3 | 15918 | MUFG BANK LTD/NY | | 06/24/2021 | 50,000,000.00 | 49,997,500.00 | 49,997,500.00 | 0.050 | P-1 | A-1 | 0.051 | 07/30/2021 |
| 78015CVX7 | 15834 | Royal Bank of Canada NY | | 01/27/2021 | 50,000,000.00 | 49,990,104.00 | 49,955,000.00 | 0.150 | P-1 | A-1 | 0.154 | 08/31/2021 |
| 78015CVX7 | 15835 | Royal Bank of Canada NY | | 01/27/2021 | 25,000,000.00 | 24,995,052.00 | 24,977,500.00 | 0.150 | P-1 | A-1 | 0.154 | 08/31/2021 |
| 78015DBA7 | 15927 | Royal Bank of Canada NY | | 06/25/2021 | 50,000,000.00 | 49,958,472.22 | 49,958,472.22 | 0.130 | P-1 | A-1 | 0.134 | 02/10/2022 |
| | | **Subtotal and Average** | **274,816,339.36** | | **320,000,000.00** | **319,896,128.37** | **319,788,955.56** | | | | **0.130** | |
| **Federal Agency Issues - Coupon** | | | | | | | | | | | | |
| 3133EHWM1 | 15241 | Federal Farm Credit Bank | | 09/01/2017 | 10,000,000.00 | 10,040,738.10 | 10,005,800.00 | 1.700 | Aaa | AA | 1.685 | 09/01/2021 |
| 3133EHVS9 | 15255 | Federal Farm Credit Bank | | 09/29/2017 | 8,065,000.00 | 8,235,839.04 | 8,019,594.05 | 1.840 | Aaa | AA | 1.961 | 08/23/2022 |
| 3133EHTS2 | 15259 | Federal Farm Credit Bank | | 09/29/2017 | 10,000,000.00 | 10,209,611.40 | 9,980,100.00 | 1.900 | Aaa | AA | 1.943 | 08/03/2022 |
| 3133EHU84 | 15316 | Federal Farm Credit Bank | | 01/03/2018 | 23,925,000.00 | 24,143,808.48 | 23,742,930.75 | 1.980 | Aaa | AA | 2.185 | 11/22/2021 |
| 3133EJK24 | 15429 | Federal Farm Credit Bank | | 10/19/2018 | 10,000,000.00 | 10,112,349.90 | 9,994,700.00 | 3.000 | Aaa | AA | 3.019 | 10/19/2021 |
| 3133EJK24 | 15430 | Federal Farm Credit Bank | | 10/19/2018 | 10,000,000.00 | 10,112,349.90 | 9,994,700.00 | 3.000 | Aaa | AA | 3.019 | 10/19/2021 |
| 3133EJZU6 | 15434 | Federal Farm Credit Bank | | 10/31/2018 | 15,000,000.00 | 15,129,843.30 | 14,954,850.00 | 2.850 | Aaa | AA | 2.959 | 09/20/2021 |
| 3133EJV63 | 15439 | Federal Farm Credit Bank | | 11/28/2018 | 11,311,000.00 | 12,019,848.27 | 11,324,573.20 | 3.050 | Aaa | AA | 3.023 | 08/23/2023 |
| 3133EJWV7 | 15454 | Federal Farm Credit Bank | | 12/12/2018 | 10,589,000.00 | 11,211,262.06 | 10,622,355.35 | 2.900 | Aaa | AA | 2.827 | 08/14/2023 |
| 3133EJP60 | 15463 | Federal Farm Credit Bank | | 12/20/2018 | 15,000,000.00 | 15,810,655.95 | 15,140,100.00 | 3.000 | Aaa | AA | 2.771 | 05/02/2023 |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Issues - Coupon** | | | | | | | | | | | | |
| 3133EJQX0 | 15466 | Federal Farm Credit Bank | | 01/04/2019 | 15,000,000.00 | 15,809,830.35 | 15,249,900.00 | 2.900 | Aaa | AA | 2.498 | 05/30/2023 |
| 3133EJQX0 | 15478 | Federal Farm Credit Bank | | 01/15/2019 | 10,000,000.00 | 10,539,886.90 | 10,106,600.00 | 2.900 | Aaa | AA | 2.640 | 05/30/2023 |
| 3133EJ5G0 | 15479 | Federal Farm Credit Bank | | 01/16/2019 | 20,000,000.00 | 21,253,014.20 | 20,006,600.00 | 2.700 | Aaa | AA | 2.693 | 01/16/2024 |
| 3133EJ7C7 | 15485 | Federal Farm Credit Bank | | 02/06/2019 | 10,000,000.00 | 10,636,871.30 | 9,994,500.00 | 2.700 | Aaa | AA | 2.712 | 02/06/2024 |
| 3133EKRD0 | 15532 | Federal Farm Credit Bank | | 06/25/2019 | 10,000,000.00 | 10,188,414.40 | 10,016,460.00 | 1.875 | Aaa | AA | 1.818 | 06/14/2022 |
| 3133EKSN7 | 15535 | Federal Farm Credit Bank | | 06/28/2019 | 5,500,000.00 | 5,677,789.10 | 5,481,960.00 | 1.770 | Aaa | AA | 1.856 | 06/26/2023 |
| 3133EKUA2 | 15537 | Federal Farm Credit Bank | | 07/01/2019 | 10,000,000.00 | 10,284,664.20 | 10,007,200.00 | 1.850 | Aaa | AA | 1.829 | 02/01/2023 |
| 3133EKTV8 | 15538 | Federal Farm Credit Bank | | 07/01/2019 | 12,650,000.00 | 13,238,020.83 | 12,650,253.00 | 1.900 | Aaa | AA | 1.900 | 07/01/2024 |
| 3133ELDK7 | 15598 | Federal Farm Credit Bank | | 12/16/2019 | 25,000,000.00 | 25,397,211.25 | 24,998,675.50 | 1.630 | Aaa | AA | 1.632 | 06/15/2022 |
| 3133ELJH8 | 15633 | Federal Farm Credit Bank | | 03/16/2020 | 10,000,000.00 | 10,240,500.90 | 10,240,163.80 | 1.600 | Aaa | AA | 0.747 | 01/23/2023 |
| 3133ELTN4 | 15634 | Federal Farm Credit Bank | | 03/18/2020 | 15,000,000.00 | 15,044,646.75 | 14,985,300.00 | 0.530 | Aaa | AA | 0.585 | 01/08/2022 |
| 3133EJBP3 | 15647 | Federal Farm Credit Bank | | 04/01/2020 | 10,000,000.00 | 10,393,408.50 | 10,580,500.00 | 2.500 | Aaa | AA | 0.438 | 02/02/2023 |
| 3133EGAM7 | 15662 | Federal Farm Credit Bank | | 04/28/2020 | 10,160,000.00 | 10,589,821.14 | 10,653,064.80 | 1.800 | Aaa | AA | 0.586 | 05/16/2024 |
| 3133ELXM1 | 15664 | Federal Farm Credit Bank | | 04/28/2020 | 25,000,000.00 | 25,008,070.00 | 24,992,750.00 | 0.250 | Aaa | AA | 0.273 | 07/27/2021 |
| 3133EET67 | 15665 | Federal Farm Credit Bank | | 04/28/2020 | 7,174,000.00 | 7,477,270.23 | 7,576,891.84 | 2.300 | Aaa | AA | 0.474 | 06/05/2023 |
| 3133ELGV0 | 15669 | Federal Farm Credit Bank | | 04/30/2020 | 25,000,000.00 | 25,811,932.50 | 26,063,500.00 | 1.550 | Aaa | AA | 0.389 | 01/10/2024 |
| 3133ELZN7 | 15680 | Federal Farm Credit Bank | | 05/19/2020 | 15,000,000.00 | 15,011,922.15 | 14,971,500.00 | 0.160 | Aaa | AA | 0.255 | 05/18/2022 |
| 3133EMNG3 | 15829 | Federal Farm Credit Bank | | 01/20/2021 | 15,000,000.00 | 14,971,132.20 | 15,006,300.00 | 0.230 | Aaa | AA | 0.216 | 01/19/2024 |
| 3133EMNG3 | 15830 | Federal Farm Credit Bank | | 01/20/2021 | 15,000,000.00 | 14,971,132.20 | 15,006,150.00 | 0.230 | Aaa | AA | 0.216 | 01/19/2024 |
| 3130A8QS5 | 15243 | Federal Home Loan Bank | | 09/14/2017 | 10,000,000.00 | 10,012,599.90 | 9,817,000.00 | 1.125 | Aaa | AA | 1.619 | 07/14/2021 |
| 3130ADRG9 | 15376 | Federal Home Loan Bank | | 04/12/2018 | 15,000,000.00 | 15,681,407.55 | 15,030,300.00 | 2.750 | Aaa | AA | 2.705 | 03/10/2023 |
| 3130AEBM1 | 15396 | Federal Home Loan Bank | | 06/27/2018 | 20,000,000.00 | 20,548,609.20 | 19,969,600.00 | 2.750 | Aaa | AA | 2.790 | 06/10/2022 |
| 313383QR5 | 15469 | Federal Home Loan Bank | | 01/08/2019 | 20,000,000.00 | 21,234,711.20 | 20,502,000.00 | 3.250 | Aaa | AA | 2.644 | 06/09/2023 |
| 3130AFWX1 | 15496 | Federal Home Loan Bank | | 03/28/2019 | 10,000,000.00 | 10,477,636.20 | 10,132,300.00 | 2.550 | Aaa | AA | 2.248 | 05/30/2023 |
| 313379Q69 | 15553 | Federal Home Loan Bank | | 09/06/2019 | 10,000,000.00 | 10,208,896.20 | 10,159,600.00 | 2.125 | Aaa | AA | 1.532 | 06/10/2022 |
| 3130AJ7E3 | 15630 | Federal Home Loan Bank | | 02/21/2020 | 15,000,000.00 | 15,312,235.65 | 14,972,400.00 | 1.375 | Aaa | AA | 1.438 | 02/17/2023 |
| 313380GJ0 | 15650 | Federal Home Loan Bank | | 04/08/2020 | 10,000,000.00 | 10,241,209.00 | 10,366,177.80 | 2.000 | Aaa | AA | 0.476 | 09/09/2022 |
| 3130A2UW4 | 15663 | Federal Home Loan Bank | | 04/28/2020 | 13,140,000.00 | 14,199,904.33 | 14,412,740.40 | 2.875 | Aaa | AA | 0.627 | 09/13/2024 |
| 3133834G3 | 15668 | Federal Home Loan Bank | | 04/30/2020 | 11,570,000.00 | 12,022,489.05 | 12,196,862.60 | 2.125 | Aaa | AA | 0.370 | 06/09/2023 |
| 3133834G3 | 15674 | Federal Home Loan Bank | | 05/05/2020 | 15,000,000.00 | 15,586,632.30 | 15,814,424.40 | 2.125 | Aaa | AA | 0.359 | 06/09/2023 |
| 3130AKWV4 | 15838 | Federal Home Loan Bank | | 01/29/2021 | 10,000,000.00 | 9,869,398.20 | 10,000,000.00 | 0.500 | Aaa | AA | 0.500 | 01/29/2026 |
| 3130AKVV5 | 15842 | Federal Home Loan Bank | | 02/18/2021 | 20,000,000.00 | 19,728,607.00 | 20,000,000.00 | 0.500 | Aaa | AA | 0.500 | 02/18/2026 |
| 3130AL7M0 | 15844 | Federal Home Loan Bank | | 02/25/2021 | 15,000,000.00 | 14,868,939.15 | 15,000,000.00 | 0.625 | Aaa | AA | 0.625 | 02/24/2026 |
| 3130ALDB7 | 15845 | Federal Home Loan Bank | | 02/25/2021 | 10,000,000.00 | 9,900,409.60 | 10,000,000.00 | 0.660 | Aaa | AA | 0.660 | 02/25/2026 |
| 3130AM4H2 | 15888 | Federal Home Loan Bank | | 04/29/2021 | 9,000,000.00 | 9,000,295.29 | 9,000,000.00 | 0.600 | Aaa | AA | 0.600 | 10/29/2024 |
| 3130AM4H2 | 15889 | Federal Home Loan Bank | | 04/29/2021 | 15,000,000.00 | 15,000,492.15 | 15,000,000.00 | 0.600 | Aaa | AA | 0.600 | 10/29/2024 |

# Treasurer's Pooled Cash
## Portfolio Management
### Portfolio Details - Investments
### June 30, 2021

**Federal Agency Issues - Coupon**

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3130AMAP7 | 15891 | Federal Home Loan Bank | | 05/12/2021 | 10,000,000.00 | 9,994,853.30 | 10,000,000.00 | 1.050 | Aaa | AA | 1.050 | 05/12/2026 |
| 3130AMFE7 | 15902 | Federal Home Loan Bank | | 05/26/2021 | 16,650,000.00 | 16,665,419.23 | 16,650,000.00 | 0.500 | Aaa | AA | 1.005 | 05/26/2026 |
| 3130AMKF8 | 15905 | Federal Home Loan Bank | | 05/27/2021 | 15,000,000.00 | 15,000,618.45 | 15,000,000.00 | 0.820 | Aaa | AA | 0.872 | 08/27/2025 |
| 3134GBJM5 | 15158 | Federal Home Loan Mort Corp | | 05/03/2017 | 20,000,000.00 | 20,337,041.60 | 20,000,000.00 | 1.910 | Aaa | AA | 1.910 | 05/03/2022 |
| 3134G9S24 | 15198 | Federal Home Loan Mort Corp | | 06/27/2017 | 25,000,000.00 | 25,063,232.00 | 25,042,000.00 | 1.750 | Aaa | AA | 1.707 | 07/26/2021 |
| 3134GU6G0 | 15625 | Federal Home Loan Mort Corp | | 02/05/2020 | 15,000,000.00 | 15,037,175.70 | 15,000,000.00 | 1.700 | Aaa | AA | 1.700 | 08/05/2024 |
| 3137EAER6 | 15678 | Federal Home Loan Mort Corp | | 05/07/2020 | 30,000,000.00 | 30,121,809.00 | 29,987,400.00 | 0.375 | Aaa | AA | 0.112 | 05/05/2023 |
| 3137EAEV7 | 15807 | Federal Home Loan Mort Corp | | 12/11/2020 | 10,000,000.00 | 10,005,076.60 | 10,009,900.00 | 0.250 | Aaa | AA | 0.213 | 08/24/2023 |
| 3137EAEV7 | 15810 | Federal Home Loan Mort Corp | | 12/14/2020 | 10,000,000.00 | 10,005,076.60 | 10,015,600.00 | 0.250 | Aaa | AA | 0.192 | 08/24/2023 |
| 3137EAEZ8 | 15812 | Federal Home Loan Mort Corp | | 12/15/2020 | 25,000,000.00 | 25,022,341.00 | 25,034,500.00 | 0.250 | Aaa | AA | 0.202 | 11/06/2023 |
| 3137EAEZ8 | 15817 | Federal Home Loan Mort Corp | | 12/17/2020 | 10,000,000.00 | 10,008,936.40 | 10,013,000.00 | 0.250 | Aaa | AA | 0.205 | 11/06/2023 |
| 3134GXJK1 | 15823 | Federal Home Loan Mort Corp | | 12/30/2020 | 20,000,000.00 | 19,960,947.80 | 20,000,000.00 | 0.360 | Aaa | AA | 0.360 | 09/30/2024 |
| 3135G0N82 | 15011 | Federal National Mortgage Assn | | 12/09/2016 | 10,000,000.00 | 10,027,258.10 | 9,727,200.00 | 1.250 | Aaa | AA | 1.862 | 08/17/2021 |
| 3135G0S38 | 15191 | Federal National Mortgage Assn | | 06/22/2017 | 15,000,000.00 | 15,173,328.60 | 15,117,000.00 | 2.000 | Aaa | AA | 1.820 | 01/05/2022 |
| 3135G0T78 | 15304 | Federal National Mortgage Assn | | 12/12/2017 | 10,000,000.00 | 10,251,294.70 | 9,901,300.00 | 2.000 | Aaa | AA | 2.217 | 10/05/2022 |
| 3135G0U43 | 15440 | Federal National Mortgage Assn | | 11/28/2018 | 10,000,000.00 | 10,602,108.30 | 9,942,300.00 | 2.875 | Aaa | AA | 3.005 | 09/12/2023 |
| 3135G0S38 | 15509 | Federal National Mortgage Assn | | 04/08/2019 | 10,000,000.00 | 10,115,552.40 | 9,913,500.00 | 2.000 | Aaa | AA | 2.327 | 01/05/2022 |
| 3135G0V59 | 15517 | Federal National Mortgage Assn | | 04/12/2019 | 10,000,000.00 | 10,189,900.00 | 9,967,200.00 | 2.250 | Aaa | AA | 2.364 | 04/12/2022 |
| 3135G0V59 | 15518 | Federal National Mortgage Assn | | 04/12/2019 | 10,000,000.00 | 10,189,900.00 | 9,967,200.00 | 2.250 | Aaa | AA | 2.364 | 04/12/2022 |
| 3135G0W33 | 15554 | Federal National Mortgage Assn | | 09/06/2019 | 5,000,000.00 | 5,079,450.00 | 4,982,600.00 | 1.375 | Aaa | AA | 1.494 | 09/06/2022 |
| 3135G0W33 | 15555 | Federal National Mortgage Assn | | 09/06/2019 | 5,000,000.00 | 5,079,450.00 | 4,982,600.00 | 1.375 | Aaa | AA | 1.494 | 09/06/2022 |
| 3135G04Q3 | 15682 | Federal National Mortgage Assn | | 05/22/2020 | 10,000,000.00 | 10,017,652.50 | 9,969,900.00 | 0.250 | Aaa | AA | 0.351 | 05/22/2023 |
| 3135G05G4 | 15802 | Federal National Mortgage Assn | | 12/10/2020 | 25,000,000.00 | 25,030,192.00 | 25,020,250.00 | 0.250 | Aaa | AA | 0.219 | 07/10/2023 |
| 3135G05G4 | 15809 | Federal National Mortgage Assn | | 12/14/2020 | 10,000,000.00 | 10,012,076.80 | 10,016,200.00 | 0.250 | Aaa | AA | 0.187 | 07/10/2023 |
| 3135G05G4 | 15813 | Federal National Mortgage Assn | | 12/15/2020 | 25,000,000.00 | 25,030,192.00 | 25,045,250.00 | 0.250 | Aaa | AA | 0.179 | 07/10/2023 |
| 3135G05G4 | 15816 | Federal National Mortgage Assn | | 12/17/2020 | 20,000,000.00 | 20,024,153.60 | 20,038,200.00 | 0.250 | Aaa | AA | 0.175 | 07/10/2023 |
| 3135G06H1 | 15818 | Federal National Mortgage Assn | | 12/17/2020 | 20,000,000.00 | 20,026,884.40 | 20,022,000.00 | 0.250 | Aaa | AA | 0.213 | 11/27/2023 |
| 3135GACA7 | 15837 | Federal National Mortgage Assn | | 01/29/2021 | 15,305,000.00 | 15,102,487.30 | 15,297,347.50 | 0.375 | Aaa | AA | 0.387 | 04/15/2025 |
| 880591EN8 | 15457 | Tennessee Valley Authority | | 12/13/2018 | 15,000,000.00 | 15,314,380.95 | 14,471,550.00 | 1.875 | Aaa | AA | 2.893 | 08/15/2022 |
| 880591EN8 | 15624 | Tennessee Valley Authority | | 02/03/2020 | 10,000,000.00 | 10,209,587.30 | 10,117,300.00 | 1.875 | Aaa | AA | 1.402 | 08/15/2022 |
| 880591EN8 | 15639 | Tennessee Valley Authority | | 03/25/2020 | 20,000,000.00 | 20,419,174.60 | 20,538,600.00 | 1.875 | Aaa | AA | 0.736 | 08/15/2022 |
| 880591ER9 | 15654 | Tennessee Valley Authority | | 04/15/2020 | 10,000,000.00 | 10,788,919.00 | 10,927,800.00 | 2.875 | Aaa | AA | 0.736 | 09/15/2024 |
| | | **Subtotal and Average** | **1,104,834,941.66** | | **1,090,039,000.00** | **1,109,372,787.70** | **1,097,459,074.99** | | | | **1.262** | |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Federal Agency Issues - Discount** | | | | | | | | | | | | |
| 313385LC8 | 15758 | Federal Home Loan Bank | | 09/28/2020 | 17,000,000.00 | 16,999,570.24 | 16,987,268.89 | 0.080 | Aaa | AA | 0.082 | 08/31/2021 |
| 313385HP4 | 15771 | Federal Home Loan Bank | | 10/28/2020 | 50,000,000.00 | 50,000,000.00 | 49,972,666.67 | 0.080 | Aaa | AA | 0.082 | 07/01/2021 |
| | | **Subtotal and Average** | **80,953,405.56** | | **67,000,000.00** | **66,999,570.24** | **66,959,935.56** | | | | **0.082** | |
| **Medium Term Notes 30/360** | | | | | | | | | | | | |
| 023135BW5 | 15911 | Amazon | | 06/14/2021 | 10,000,000.00 | 10,031,600.00 | 10,031,600.00 | 0.450 | A | AA | 0.341 | 05/12/2024 |
| 037833DE7 | 15356 | Apple | | 04/03/2018 | 10,000,000.00 | 10,338,713.60 | 9,724,200.00 | 2.400 | Aa | AA | 3.023 | 01/13/2023 |
| 037833DE7 | 15399 | Apple | | 06/28/2018 | 14,000,000.00 | 14,474,199.04 | 13,519,520.00 | 2.400 | Aa | AA | 3.218 | 01/13/2023 |
| 037833CQ1 | 15498 | Apple | | 03/29/2019 | 15,000,000.00 | 15,277,242.00 | 14,956,350.00 | 2.300 | Aa | AA | 2.397 | 05/11/2022 |
| 084670BJ6 | 15402 | Berkshire Hathaway | | 06/29/2018 | 13,094,000.00 | 13,694,312.37 | 13,006,663.02 | 3.000 | Aa | AA | 3.156 | 02/11/2023 |
| 084670BJ6 | 15446 | Berkshire Hathaway | | 12/04/2018 | 8,460,000.00 | 8,847,860.29 | 8,324,809.20 | 3.000 | Aa | AA | 3.412 | 02/11/2023 |
| 084670BR8 | 15579 | Berkshire Hathaway | | 10/30/2019 | 11,339,000.00 | 11,793,493.31 | 11,650,142.16 | 2.750 | Aa | AA | 1.906 | 03/15/2023 |
| 19416QEL0 | 15539 | Colgate-Palmolive | | 07/08/2019 | 8,340,000.00 | 8,590,962.86 | 8,439,996.60 | 2.250 | Aa | AA | 1.879 | 11/15/2022 |
| 166764BK5 | 15484 | Chevron Corp | | 02/01/2019 | 10,000,000.00 | 10,411,865.10 | 9,839,500.00 | 2.566 | Aa | AA | 2.966 | 05/16/2023 |
| 166764BK5 | 15501 | Chevron Corp | | 04/01/2019 | 10,000,000.00 | 10,411,865.10 | 10,042,400.00 | 2.566 | Aa | AA | 2.457 | 05/16/2023 |
| 166764AH3 | 15524 | Chevron Corp | | 05/23/2019 | 10,000,000.00 | 10,513,234.30 | 10,216,000.00 | 3.191 | Aa | AA | 2.630 | 06/24/2023 |
| 166764AH3 | 15528 | Chevron Corp | | 06/21/2019 | 5,000,000.00 | 5,256,617.15 | 5,179,000.00 | 3.191 | Aa | AA | 2.252 | 06/24/2023 |
| 166764BK5 | 15552 | Chevron Corp | | 08/29/2019 | 5,000,000.00 | 5,205,932.55 | 5,145,500.00 | 2.566 | Aa | AA | 1.753 | 05/16/2023 |
| 166764BK5 | 15567 | Chevron Corp | | 10/10/2019 | 2,000,000.00 | 2,082,373.02 | 2,061,000.00 | 2.566 | Aa | AA | 1.689 | 05/16/2023 |
| 166764BK5 | 15568 | Chevron Corp | | 10/10/2019 | 8,145,000.00 | 8,480,464.12 | 8,393,422.50 | 2.566 | Aa | AA | 1.689 | 05/16/2023 |
| 166764BK5 | 15596 | Chevron Corp | | 12/11/2019 | 15,000,000.00 | 15,617,797.65 | 15,321,450.00 | 2.566 | Aa | AA | 1.917 | 05/16/2023 |
| 40139LBD4 | 15895 | Guardian Life Global Funding | | 05/19/2021 | 6,800,000.00 | 6,805,549.82 | 6,800,000.00 | 1.250 | Aa | AA | 1.250 | 05/13/2026 |
| 478160CD4 | 15352 | Johnson & Johnson | | 03/28/2018 | 18,135,000.00 | 18,387,352.88 | 17,732,765.70 | 2.250 | Aaa | AAA | 2.850 | 03/03/2022 |
| 59217GEK1 | 15853 | Metropolitan Life Global Fundi | | 03/19/2021 | 21,568,000.00 | 21,570,742.59 | 21,579,431.04 | 0.450 | Aa | AA | 0.428 | 09/01/2023 |
| 59217GEH8 | 15854 | Metropolitan Life Global Fundi | | 03/19/2021 | 10,000,000.00 | 10,107,785.80 | 10,109,200.00 | 0.900 | Aa | AA | 0.405 | 06/08/2023 |
| 59217GEJ4 | 15873 | Metropolitan Life Global Fundi | | 04/15/2021 | 5,160,000.00 | 5,157,810.04 | 5,135,335.20 | 0.950 | Aa | AA | 1.066 | 07/02/2025 |
| 59217GEJ4 | 15900 | Metropolitan Life Global Fundi | | 05/24/2021 | 13,590,000.00 | 13,584,232.27 | 13,622,751.90 | 0.950 | Aa | AA | 0.890 | 07/02/2025 |
| 59217GEN5 | 15908 | Metropolitan Life Global Fundi | | 06/08/2021 | 3,000,000.00 | 3,000,000.00 | 3,000,000.00 | 0.550 | Aa | AA | 0.550 | 06/07/2024 |
| 59217GEN5 | 15909 | Metropolitan Life Global Fundi | | 06/08/2021 | 7,000,000.00 | 6,999,860.00 | 6,999,860.00 | 0.550 | Aa | AA | 0.551 | 06/07/2024 |
| 594918BP8 | 15426 | Microsoft Corp | | 10/18/2018 | 14,610,000.00 | 14,630,523.40 | 14,013,327.60 | 1.550 | Aaa | AAA | 3.080 | 08/08/2021 |
| 594918BP8 | 15427 | Microsoft Corp | | 10/18/2018 | 1,718,000.00 | 1,720,413.36 | 1,647,390.20 | 1.550 | Aaa | AAA | 3.090 | 08/08/2021 |
| 594918BP8 | 15428 | Microsoft Corp | | 10/18/2018 | 5,000,000.00 | 5,007,023.75 | 4,795,800.00 | 1.550 | Aaa | AAA | 3.080 | 08/08/2021 |
| 594918BP8 | 15451 | Microsoft Corp | | 12/10/2018 | 7,778,000.00 | 7,788,926.15 | 7,494,647.46 | 1.550 | Aaa | AAA | 2.984 | 08/08/2021 |
| 594918BQ6 | 15483 | Microsoft Corp | | 01/29/2019 | 11,683,000.00 | 12,107,467.81 | 11,296,526.36 | 2.000 | Aaa | AAA | 2.783 | 08/08/2023 |
| 594918BQ6 | 15527 | Microsoft Corp | | 06/21/2019 | 5,000,000.00 | 5,181,660.45 | 4,970,700.00 | 2.000 | Aaa | AAA | 2.149 | 08/08/2023 |

# Treasurer's Pooled Cash
## Portfolio Management
### Portfolio Details - Investments
### June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes 30/360** | | | | | | | | | | | | |
| 594918BX1 | 15621 | Microsoft Corp | | 01/27/2020 | 10,000,000.00 | 10,639,318.40 | 10,436,200.00 | 2.875 | Aaa | AAA | 1.748 | 02/06/2024 |
| 66815L2A6 | 15901 | Northwesterrn Mutual Life | | 05/24/2021 | 10,000,000.00 | 9,906,069.30 | 9,888,600.00 | 0.800 | Aaa | AAA | 1.047 | 01/14/2026 |
| 66989HAM0 | 15187 | Novartis | | 06/21/2017 | 10,000,000.00 | 10,202,292.40 | 10,125,400.00 | 2.400 | Aa | AA | 2.129 | 05/17/2022 |
| 66989HAM0 | 15201 | Novartis | | 06/30/2017 | 16,980,000.00 | 17,323,492.50 | 17,112,444.00 | 2.400 | Aa | AA | 2.230 | 05/17/2022 |
| 66989HAM0 | 15590 | Novartis | | 12/10/2019 | 10,000,000.00 | 10,202,292.40 | 10,139,200.00 | 2.400 | Aa | AA | 1.813 | 05/17/2022 |
| 64952WCN1 | 15874 | New York Life | | 04/15/2021 | 13,520,000.00 | 14,366,182.86 | 14,404,478.40 | 2.900 | Aaa | AA | 0.506 | 01/17/2024 |
| 64952WDQ3 | 15886 | New York Life | | 04/26/2021 | 5,000,000.00 | 5,006,575.95 | 4,998,050.00 | 0.950 | Aaa | AA | 0.960 | 06/24/2025 |
| 64952WDQ3 | 15928 | New York Life | | 06/28/2021 | 13,105,000.00 | 13,131,603.15 | 13,131,603.15 | 0.950 | Aaa | AA | 0.898 | 06/24/2025 |
| 742718EQ8 | 15401 | Proctor & Gamble | | 06/29/2018 | 9,127,000.00 | 9,187,390.99 | 8,785,193.85 | 1.700 | Aa | AA | 2.882 | 11/03/2021 |
| 742718DY2 | 15406 | Proctor & Gamble | | 07/18/2018 | 20,000,000.00 | 20,297,481.20 | 19,528,000.00 | 2.300 | Aa | AA | 3.006 | 02/06/2022 |
| 742718EU9 | 15408 | Proctor & Gamble | | 08/16/2018 | 4,997,000.00 | 5,113,688.64 | 4,842,192.94 | 2.150 | Aa | AA | 2.980 | 08/11/2022 |
| 742718EU9 | 15410 | Proctor & Gamble | | 08/23/2018 | 5,686,000.00 | 5,818,777.99 | 5,515,021.98 | 2.150 | Aa | AA | 2.959 | 08/11/2022 |
| 89236TDP7 | 15411 | Toyota Motors Credit Corp | | 08/29/2018 | 10,000,000.00 | 10,146,259.20 | 9,834,800.00 | 2.600 | A | A | 3.120 | 01/11/2022 |
| 89233P5T9 | 15414 | Toyota Motors Credit Corp | | 09/07/2018 | 5,729,000.00 | 5,836,931.84 | 5,757,759.58 | 3.300 | A | A | 3.140 | 01/12/2022 |
| 89236TDP7 | 15542 | Toyota Motors Credit Corp | | 07/10/2019 | 5,424,000.00 | 5,503,330.99 | 5,472,599.04 | 2.600 | A | A | 2.230 | 01/11/2022 |
| 89236TDP7 | 15563 | Toyota Motors Credit Corp | | 09/30/2019 | 10,000,000.00 | 10,146,259.20 | 10,152,800.00 | 2.600 | A | A | 1.911 | 01/11/2022 |
| 89236TGM1 | 15569 | Toyota Motors Credit Corp | | 10/15/2019 | 10,000,000.00 | 10,213,588.40 | 10,000,000.00 | 1.875 | A | A | 1.963 | 07/31/2024 |
| 89233P7F7 | 15610 | Toyota Motors Credit Corp | | 01/09/2020 | 10,000,000.00 | 10,377,409.50 | 10,233,000.00 | 2.625 | A | A | 1.824 | 01/10/2023 |
| 90331HNL3 | 15333 | US Bank | | 01/25/2018 | 7,500,000.00 | 7,813,305.68 | 7,499,625.00 | 2.850 | A | AA | 2.851 | 01/23/2023 |
| 90331HNL3 | 15334 | US Bank | | 01/25/2018 | 10,000,000.00 | 10,417,740.90 | 9,998,100.00 | 2.850 | A | AA | 2.854 | 01/23/2023 |
| 90331HNV1 | 15481 | US Bank | | 01/22/2019 | 10,000,000.00 | 10,650,363.10 | 10,034,700.00 | 3.400 | A | AA | 3.316 | 07/24/2023 |
| 90331HNV1 | 15482 | US Bank | | 01/22/2019 | 10,000,000.00 | 10,650,363.10 | 10,034,700.00 | 3.400 | A | AA | 3.316 | 07/24/2023 |
| 90331HPC1 | 15529 | US Bank | | 06/21/2019 | 2,850,000.00 | 2,913,490.16 | 2,876,790.00 | 2.650 | A | AA | 2.315 | 05/23/2022 |
| 90331HPC1 | 15530 | US Bank | | 06/21/2019 | 7,150,000.00 | 7,309,282.34 | 7,217,210.00 | 2.650 | A | AA | 2.315 | 05/23/2022 |
| 90331HPC1 | 15589 | US Bank | | 12/10/2019 | 10,000,000.00 | 10,222,772.50 | 10,194,200.00 | 2.650 | A | AA | 1.836 | 05/23/2022 |
| 90331HPF4 | 15591 | US Bank | | 12/10/2019 | 3,000,000.00 | 3,079,525.56 | 3,001,860.00 | 1.950 | A | AA | 1.929 | 01/09/2023 |
| 90331HPF4 | 15595 | US Bank | | 12/12/2019 | 10,250,000.00 | 10,521,712.33 | 10,245,900.00 | 1.950 | A | AA | 1.964 | 01/09/2023 |
| 92826CAG7 | 15541 | VISA INC | | 07/08/2019 | 10,000,000.00 | 10,233,927.90 | 10,043,000.00 | 2.150 | Aa | AA | 2.010 | 09/15/2022 |
| 94988J5R4 | 15443 | Wells Fargo Bank | | 11/30/2018 | 15,000,000.00 | 16,044,674.55 | 14,788,050.00 | 3.550 | Aa | A | 3.880 | 08/14/2023 |
| 94988J5R4 | 15488 | Wells Fargo Bank | | 03/18/2019 | 10,000,000.00 | 10,696,449.70 | 10,181,900.00 | 3.550 | Aa | A | 3.105 | 08/14/2023 |
| 94988J5R4 | 15502 | Wells Fargo Bank | | 04/01/2019 | 10,000,000.00 | 10,696,449.70 | 10,292,700.00 | 3.550 | Aa | A | 2.832 | 08/14/2023 |
| 94988J5R4 | 15503 | Wells Fargo Bank | | 04/01/2019 | 5,000,000.00 | 5,348,224.85 | 5,145,750.00 | 3.550 | Aa | A | 2.835 | 08/14/2023 |
| 931142EK5 | 15486 | Wal-Mart Stores | | 03/05/2019 | 11,500,000.00 | 12,204,089.34 | 11,722,812.50 | 3.400 | Aa | AA | 2.917 | 06/26/2023 |
| 931142EK5 | 15487 | Wal-Mart Stores | | 03/05/2019 | 10,000,000.00 | 10,612,251.60 | 10,197,700.00 | 3.400 | Aa | AA | 2.908 | 06/26/2023 |
| 931142EL3 | 15581 | Wal-Mart Stores | | 10/30/2019 | 10,000,000.00 | 10,724,084.80 | 10,404,900.00 | 2.850 | Aa | AA | 1.942 | 07/08/2024 |
| 931142EK5 | 15600 | Wal-Mart Stores | | 12/18/2019 | 10,000,000.00 | 10,612,251.60 | 10,511,000.00 | 3.400 | Aa | AA | 1.893 | 06/26/2023 |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Medium Term Notes 30/360** | | | | | | | | | | | | |
| 30231GBB7 | 15550 | Exxon-Mobil | | 08/23/2019 | 10,000,000.00 | 10,207,462.00 | 10,054,100.00 | 1.902 | Aa | AA | 1.715 | 08/16/2022 |
| 30231GBB7 | 15574 | Exxon-Mobil | | 10/28/2019 | 10,000,000.00 | 10,207,462.00 | 10,056,600.00 | 1.902 | Aa | AA | 1.694 | 08/16/2022 |
| | | **Subtotal and Average** | **631,409,459.21** | | **648,238,000.00** | **667,662,709.40** | **649,908,229.38** | | | | **2.201** | |
| **FDIC Insured Cash Sweep** | | | | | | | | | | | | |
| ICS | 15628 | ICS | | 02/14/2020 | 15,084,104.19 | 15,084,104.19 | 15,084,104.19 | 0.150 | | | 0.150 | |
| | | **Subtotal and Average** | **15,084,037.03** | | **15,084,104.19** | **15,084,104.19** | **15,084,104.19** | | | | **0.150** | |
| **CAMP** | | | | | | | | | | | | |
| CAMP | 14800 | CAMP | | 07/01/2019 | 218,805,930.77 | 218,805,930.77 | 218,805,930.77 | 0.050 | | AAA | 0.050 | |
| | | **Subtotal and Average** | **254,622,597.44** | | **218,805,930.77** | **218,805,930.77** | **218,805,930.77** | | | | **0.050** | |
| **CALTRUST** | | | | | | | | | | | | |
| CALTRUST | 15476 | CalTRUST | | 07/01/2019 | 11,571,296.61 | 11,571,296.61 | 11,571,296.61 | 0.030 | | AAA | 0.030 | |
| | | **Subtotal and Average** | **11,571,296.61** | | **11,571,296.61** | **11,571,296.61** | **11,571,296.61** | | | | **0.030** | |
| **Treasury Securities - Coupon** | | | | | | | | | | | | |
| 912828T67 | 15204 | U S Treasury Note | | 06/29/2017 | 20,000,000.00 | 20,100,000.00 | 19,587,500.00 | 1.250 | Aaa | AA | 1.746 | 10/31/2021 |
| 912828T67 | 15257 | U S Treasury Note | | 09/29/2017 | 10,000,000.00 | 10,050,000.00 | 9,790,625.00 | 1.250 | Aaa | AA | 1.783 | 10/31/2021 |
| 912828S76 | 15262 | U S Treasury Note | | 10/05/2017 | 10,000,000.00 | 10,018,263.10 | 9,761,328.13 | 1.125 | Aaa | AA | 1.774 | 07/31/2021 |
| 912828T67 | 15311 | U S Treasury Note | | 12/20/2017 | 10,000,000.00 | 10,050,000.00 | 9,683,203.13 | 1.250 | Aaa | AA | 2.108 | 10/31/2021 |
| 912828S76 | 15319 | U S Treasury Note | | 01/04/2018 | 10,000,000.00 | 10,018,263.10 | 9,665,625.00 | 1.125 | Aaa | AA | 2.101 | 07/31/2021 |
| 912828XR6 | 15339 | U S Treasury Note | | 02/02/2018 | 10,000,000.00 | 10,167,578.10 | 9,693,750.00 | 1.750 | Aaa | AA | 2.501 | 05/31/2022 |
| 912828F21 | 15371 | U S Treasury Note | | 04/10/2018 | 11,000,000.00 | 11,076,065.33 | 10,862,500.00 | 2.125 | Aaa | AA | 2.503 | 09/30/2021 |
| 912828WY2 | 15372 | U S Treasury Note | | 04/10/2018 | 10,000,000.00 | 10,036,907.30 | 9,926,562.50 | 2.250 | Aaa | AA | 2.482 | 07/31/2021 |
| 9128284S6 | 15393 | U S Treasury Note | | 06/15/2018 | 10,000,000.00 | 10,517,578.10 | 9,986,718.75 | 2.750 | Aaa | AA | 2.779 | 05/31/2023 |
| 912828U57 | 15491 | U S Treasury Note | | 03/26/2019 | 10,000,000.00 | 10,475,781.20 | 9,955,468.75 | 2.125 | Aaa | AA | 2.225 | 11/30/2023 |
| 912828XG0 | 15495 | U S Treasury Note | | 03/28/2019 | 10,000,000.00 | 10,219,531.20 | 9,994,140.63 | 2.125 | Aaa | AA | 2.143 | 06/30/2022 |
| 912828Y20 | 15505 | U S Treasury Note | | 04/03/2019 | 10,000,000.00 | 10,031,622.90 | 10,071,875.00 | 2.625 | Aaa | AA | 2.299 | 07/15/2021 |
| 9128286C9 | 15522 | U S Treasury Note | | 04/16/2019 | 15,000,000.00 | 15,258,984.30 | 15,049,804.69 | 2.500 | Aaa | AA | 2.378 | 02/15/2022 |
| 9128287C8 | 15556 | U S Treasury Note | | 09/25/2019 | 10,000,000.00 | 10,185,937.50 | 10,042,187.50 | 1.750 | Aaa | AA | 1.595 | 07/15/2022 |
| 9128285K2 | 15564 | U S Treasury Note | | 09/30/2019 | 10,000,000.00 | 10,643,750.00 | 10,509,765.63 | 2.875 | Aaa | AA | 1.581 | 10/31/2023 |
| 9128285K2 | 15565 | U S Treasury Note | | 09/30/2019 | 10,000,000.00 | 10,643,750.00 | 10,509,375.00 | 2.875 | Aaa | AA | 1.582 | 10/31/2023 |
| 912828S92 | 15566 | U S Treasury Note | | 10/09/2019 | 10,000,000.00 | 10,233,593.80 | 9,951,171.88 | 1.250 | Aaa | AA | 1.382 | 07/31/2023 |
| 9128287C8 | 15592 | U S Treasury Note | | 12/10/2019 | 10,000,000.00 | 10,185,937.50 | 10,028,125.00 | 1.750 | Aaa | AA | 1.639 | 07/15/2022 |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Treasury Securities - Coupon** | | | | | | | | | | | | |
| 912828UN8 | 15603 | U S Treasury Note | | 12/19/2019 | 20,000,000.00 | 20,634,375.00 | 20,201,562.50 | 2.000 | Aaa | AA | 1.671 | 02/15/2023 |
| 9128284W7 | 15605 | U S Treasury Note | | 12/24/2019 | 40,000,000.00 | 40,225,968.40 | 40,707,812.50 | 2.750 | Aaa | AA | 1.654 | 08/15/2021 |
| 912828TY6 | 15608 | U S Treasury Note | | 01/08/2020 | 10,000,000.00 | 10,219,531.20 | 10,020,703.13 | 1.625 | Aaa | AA | 1.550 | 11/15/2022 |
| 912828M49 | 15609 | U S Treasury Note | | 01/09/2020 | 15,000,000.00 | 15,373,242.15 | 15,114,843.75 | 1.875 | Aaa | AA | 1.595 | 10/31/2022 |
| 912828YK0 | 15612 | U S Treasury Note | | 01/14/2020 | 10,000,000.00 | 10,172,656.20 | 9,940,625.00 | 1.375 | Aaa | AA | 1.596 | 10/15/2022 |
| 912828Z29 | 15616 | U S Treasury Note | | 01/23/2020 | 10,000,000.00 | 10,222,656.20 | 9,991,406.25 | 1.500 | Aaa | AA | 1.530 | 01/15/2023 |
| 912828UN8 | 15617 | U S Treasury Note | | 01/23/2020 | 20,000,000.00 | 20,634,375.00 | 20,307,812.50 | 2.000 | Aaa | AA | 1.484 | 02/15/2023 |
| 912828T26 | 15623 | U S Treasury Note | | 01/30/2020 | 10,000,000.00 | 10,274,609.40 | 10,003,906.25 | 1.375 | Aaa | AA | 1.364 | 09/30/2023 |
| 912828Y20 | 15772 | U S Treasury Note | | 10/28/2020 | 50,000,000.00 | 50,158,114.50 | 50,896,484.38 | 2.625 | Aaa | AA | 0.114 | 07/15/2021 |
| 912828Y20 | 15785 | U S Treasury Note | | 11/23/2020 | 17,000,000.00 | 17,053,758.93 | 17,277,578.13 | 2.625 | Aaa | AA | 0.088 | 07/15/2021 |
| 912828D72 | 15787 | U S Treasury Note | | 11/24/2020 | 11,000,000.00 | 11,053,770.31 | 11,161,132.81 | 2.000 | Aaa | AA | 0.085 | 08/31/2021 |
| 912828Y20 | 15788 | U S Treasury Note | | 11/24/2020 | 25,000,000.00 | 25,079,057.25 | 25,406,250.00 | 2.625 | Aaa | AA | 0.090 | 07/15/2021 |
| 9128284W7 | 15789 | U S Treasury Note | | 11/24/2020 | 50,000,000.00 | 50,282,460.50 | 50,962,890.63 | 2.750 | Aaa | AA | 0.094 | 08/15/2021 |
| 912828WJ5 | 15827 | U S Treasury Note | | 01/13/2021 | 20,000,000.00 | 21,297,656.20 | 21,485,156.25 | 2.500 | Aaa | AA | 0.263 | 05/15/2024 |
| 912828D56 | 15828 | U S Treasury Note | | 01/13/2021 | 15,000,000.00 | 15,962,695.35 | 16,115,625.00 | 2.375 | Aaa | AA | 0.291 | 08/15/2024 |
| 91282CAP6 | 15836 | U S Treasury Note | | 01/27/2021 | 5,000,000.00 | 4,992,187.50 | 4,997,265.63 | 0.125 | Aaa | AA | 0.162 | 10/15/2023 |
| 912828M56 | 15839 | U S Treasury Note | | 02/11/2021 | 5,000,000.00 | 5,345,312.50 | 5,433,007.81 | 2.250 | Aaa | AA | 0.410 | 11/15/2025 |
| 912828K74 | 15840 | U S Treasury Note | | 02/12/2021 | 10,000,000.00 | 10,576,562.50 | 10,719,531.25 | 2.000 | Aaa | AA | 0.388 | 08/15/2025 |
| 912828K74 | 15841 | U S Treasury Note | | 02/17/2021 | 10,000,000.00 | 10,576,562.50 | 10,687,890.63 | 2.000 | Aaa | AA | 0.452 | 08/15/2025 |
| 91282CAJ0 | 15846 | U S Treasury Note | | 02/26/2021 | 50,000,000.00 | 49,185,547.00 | 49,003,906.25 | 0.250 | Aaa | AA | 0.700 | 08/31/2025 |
| 912828XB1 | 15847 | U S Treasury Note | | 02/26/2021 | 48,000,000.00 | 50,953,125.12 | 51,007,500.00 | 2.125 | Aaa | AA | 0.617 | 05/15/2025 |
| 912828XB1 | 15849 | U S Treasury Note | | 03/10/2021 | 5,000,000.00 | 5,307,617.20 | 5,309,375.00 | 2.125 | Aaa | AA | 0.624 | 05/15/2025 |
| 912828D56 | 15850 | U S Treasury Note | | 03/12/2021 | 17,000,000.00 | 18,091,054.73 | 18,115,625.00 | 2.375 | Aaa | AA | 0.445 | 08/15/2024 |
| 912828D56 | 15852 | U S Treasury Note | | 03/16/2021 | 5,000,000.00 | 5,320,898.45 | 5,330,859.38 | 2.375 | Aaa | AA | 0.424 | 08/15/2024 |
| 912828G38 | 15855 | U S Treasury Note | | 03/18/2021 | 22,000,000.00 | 23,374,140.68 | 23,361,250.00 | 2.250 | Aaa | AA | 0.540 | 11/15/2024 |
| 912828K74 | 15856 | U S Treasury Note | | 03/31/2021 | 50,000,000.00 | 52,882,812.50 | 52,738,281.25 | 2.000 | Aaa | AA | 0.727 | 08/15/2025 |
| 912828XB1 | 15863 | U S Treasury Note | | 04/09/2021 | 50,000,000.00 | 53,076,172.00 | 53,007,812.50 | 2.125 | Aaa | AA | 0.636 | 05/15/2025 |
| 912828D56 | 15864 | U S Treasury Note | | 04/09/2021 | 15,000,000.00 | 15,962,695.35 | 15,970,312.50 | 2.375 | Aaa | AA | 0.430 | 08/15/2024 |
| 912828J27 | 15868 | U S Treasury Note | | 04/13/2021 | 40,000,000.00 | 42,217,187.60 | 42,178,125.00 | 2.000 | Aaa | AA | 0.565 | 02/15/2025 |
| 91282CBR1 | 15872 | U S Treasury Note | | 04/14/2021 | 10,000,000.00 | 9,998,437.50 | 9,974,218.75 | 0.250 | Aaa | AA | 0.339 | 03/15/2024 |
| 912828K74 | 15876 | U S Treasury Note | | 02/25/2021 | 15,000,000.00 | 15,864,843.75 | 15,930,468.75 | 2.000 | Aaa | AA | 0.592 | 08/15/2025 |
| 912828D56 | 15877 | U S Treasury Note | | 04/15/2021 | 20,000,000.00 | 21,283,593.80 | 21,304,687.50 | 2.375 | Aaa | AA | 0.405 | 08/15/2024 |
| 91282CBM2 | 15880 | U S Treasury Note | | 04/19/2021 | 25,000,000.00 | 24,920,898.50 | 24,884,765.63 | 0.125 | Aaa | AA | 0.289 | 02/15/2024 |
| 912828XB1 | 15881 | U S Treasury Note | | 04/19/2021 | 25,000,000.00 | 26,538,086.00 | 26,539,062.50 | 2.125 | Aaa | AA | 0.592 | 05/15/2025 |
| 912828G38 | 15885 | U S Treasury Note | | 04/22/2021 | 23,000,000.00 | 24,436,601.62 | 24,459,960.94 | 2.250 | Aaa | AA | 0.452 | 11/15/2024 |
| 912828D56 | 15892 | U S Treasury Note | | 05/12/2021 | 10,000,000.00 | 10,641,796.90 | 10,640,625.00 | 2.375 | Aaa | AA | 0.397 | 08/15/2024 |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



### Treasury Securities - Coupon

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 9128286Z8 | 15894 | U S Treasury Note | | 05/18/2021 | 6,000,000.00 | 6,261,328.14 | 6,261,796.88 | 1.750 | Aaa | AA | 0.342 | 06/30/2024 |
| 91282CBM2 | 15897 | U S Treasury Note | | 05/19/2021 | 20,000,000.00 | 19,936,718.80 | 19,932,031.25 | 0.125 | Aaa | AA | 0.249 | 02/15/2024 |
| 91282CCC3 | 15898 | U S Treasury Note | | 05/19/2021 | 25,000,000.00 | 24,960,937.50 | 24,951,171.88 | 0.250 | Aaa | AA | 0.316 | 05/15/2024 |
| 91282CCC3 | 15899 | U S Treasury Note | | 05/20/2021 | 16,000,000.00 | 15,975,000.00 | 15,961,250.00 | 0.250 | Aaa | AA | 0.332 | 05/15/2024 |
| 912828M56 | 15903 | U S Treasury Note | | 05/26/2021 | 5,000,000.00 | 5,345,312.50 | 5,352,343.75 | 2.250 | Aaa | AA | 0.648 | 11/15/2025 |
| 91282CCC3 | 15906 | U S Treasury Note | | 06/01/2021 | 34,000,000.00 | 33,946,875.00 | 33,946,875.00 | 0.250 | Aaa | AA | 0.303 | 05/15/2024 |
| 912828J27 | 15907 | U S Treasury Note | | 06/01/2021 | 21,000,000.00 | 22,170,585.94 | 22,170,585.94 | 2.000 | Aaa | AA | 0.481 | 02/15/2025 |
| 912828K74 | 15912 | U S Treasury Note | | 06/15/2021 | 30,000,000.00 | 31,734,375.00 | 31,734,375.00 | 2.000 | Aaa | AA | 0.594 | 08/15/2025 |
| 912828ZT0 | 15913 | U S Treasury Note | | 06/16/2021 | 12,000,000.00 | 11,855,625.00 | 11,855,625.00 | 0.250 | Aaa | AA | 0.558 | 05/31/2025 |
| 912828P46 | 15914 | U S Treasury Note | | 06/16/2021 | 16,000,000.00 | 16,671,875.00 | 16,671,875.00 | 1.625 | Aaa | AA | 0.708 | 02/15/2026 |
| 912828YY0 | 15915 | U S Treasury Note | | 06/17/2021 | 21,500,000.00 | 22,407,871.09 | 22,407,871.09 | 1.750 | Aaa | AA | 0.543 | 12/31/2024 |
| 91282CAJ0 | 15917 | U S Treasury Note | | 06/22/2021 | 27,000,000.00 | 26,469,492.19 | 26,469,492.19 | 0.250 | Aaa | AA | 0.727 | 08/31/2025 |
| 912828M56 | 15921 | U S Treasury Note | | 06/24/2021 | 20,000,000.00 | 21,279,687.50 | 21,279,687.50 | 2.250 | Aaa | AA | 0.765 | 11/15/2025 |
| 912828XB1 | 15923 | U S Treasury Note | | 06/24/2021 | 40,000,000.00 | 42,234,375.00 | 42,234,375.00 | 2.125 | Aaa | AA | 0.668 | 05/15/2025 |
| 912828Z86 | 15924 | U S Treasury Note | | 06/24/2021 | 15,000,000.00 | 15,289,453.13 | 15,289,453.13 | 1.375 | Aaa | AA | 0.198 | 02/15/2023 |
| 912828ZP8 | 15925 | U S Treasury Note | | 06/24/2021 | 15,000,000.00 | 14,968,945.31 | 14,968,945.31 | 0.125 | Aaa | AA | 0.235 | 05/15/2023 |
| 9128286Z8 | 15926 | U S Treasury Note | | 06/24/2021 | 43,000,000.00 | 44,657,851.56 | 44,657,851.56 | 1.750 | Aaa | AA | 0.462 | 06/30/2024 |
| | | **Subtotal and Average** | **1,230,938,768.31** | | **1,345,500,000.00** | **1,386,270,912.38** | **1,382,403,652.42** | | | | **0.787** | |

### Municipal Bonds

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 13063DDF2 | 15323 | State of California | | 01/08/2018 | 10,000,000.00 | 10,313,800.00 | 10,004,600.00 | 2.500 | Aa | AA | 2.489 | 10/01/2022 |
| 13063DGN2 | 15416 | State of California | | 09/18/2018 | 21,000,000.00 | 22,423,590.00 | 21,329,700.00 | 3.400 | Aa | AA | 3.051 | 08/01/2023 |
| 13063DRH3 | 15571 | State of California | | 10/24/2019 | 10,000,000.00 | 10,313,800.00 | 10,205,000.00 | 2.500 | Aa | AA | 1.822 | 10/01/2022 |
| 13063DRH3 | 15572 | State of California | | 10/24/2019 | 10,000,000.00 | 10,313,800.00 | 10,219,400.00 | 2.500 | Aa | AA | 1.770 | 10/01/2022 |
| 13063BJA1 | 15655 | State of California | | 04/16/2020 | 6,110,000.00 | 6,240,020.80 | 6,548,148.10 | 5.700 | Aa | AA | 1.001 | 11/01/2021 |
| | | **Subtotal and Average** | **58,306,848.10** | | **57,110,000.00** | **59,605,010.80** | **58,306,848.10** | | | | **2.285** | |

### Supranationals

| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4581X0DA3 | 15490 | INTER AMERICAN DEV BANK | | 03/27/2019 | 10,000,000.00 | 10,377,164.00 | 10,077,000.00 | 2.500 | Aaa | AAA | 2.287 | 01/18/2023 |
| 4581X0CC0 | 15507 | INTER AMERICAN DEV BANK | | 04/05/2019 | 6,175,000.00 | 6,569,050.52 | 6,331,227.50 | 3.000 | Aaa | AAA | 2.403 | 10/04/2023 |
| 4581X0CC0 | 15534 | INTER AMERICAN DEV BANK | | 06/28/2019 | 15,000,000.00 | 15,957,207.75 | 15,706,200.00 | 3.000 | Aaa | AAA | 1.847 | 10/04/2023 |
| 4581X0CZ9 | 15651 | INTER AMERICAN DEV BANK | | 04/09/2020 | 8,300,000.00 | 8,469,984.00 | 8,531,570.00 | 1.750 | Aaa | AAA | 0.592 | 09/14/2022 |
| 4581X0DA3 | 15805 | INTER AMERICAN DEV BANK | | 12/11/2020 | 20,000,000.00 | 20,754,328.00 | 20,949,800.00 | 2.500 | Aaa | AAA | 0.235 | 01/18/2023 |
| 4581X0DK1 | 15848 | INTER AMERICAN DEV BANK | | 03/04/2021 | 10,000,000.00 | 10,425,763.00 | 10,454,000.00 | 1.750 | Aaa | AAA | 0.607 | 03/14/2025 |
| 45905UC36 | 15045 | International Bank for Reconst | | 12/28/2016 | 10,000,000.00 | 10,060,904.00 | 10,000,000.00 | 2.000 | Aaa | AAA | 2.000 | 09/28/2021 |

# Treasurer's Pooled Cash
# Portfolio Management
## Portfolio Details - Investments
## June 30, 2021



| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Moody's | S&P | YTM 365 | Maturity Date |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Supranationals** | | | | | | | | | | | | |
| 459058GL1 | 15448 | International Bank for Reconst | | 12/05/2018 | 15,000,000.00 | 15,944,904.00 | 15,022,200.00 | 3.000 | Aaa | AAA | 2.966 | 09/27/2023 |
| 459058GL1 | 15504 | International Bank for Reconst | | 04/02/2019 | 10,000,000.00 | 10,629,936.00 | 10,321,700.00 | 3.000 | Aaa | AAA | 2.242 | 09/27/2023 |
| 459058DY6 | 15601 | International Bank for Reconst | | 12/18/2019 | 10,000,000.00 | 10,102,540.00 | 9,984,400.00 | 1.626 | Aaa | AAA | 1.699 | 02/10/2022 |
| 459058GU1 | 15619 | International Bank for Reconst | | 01/24/2020 | 20,000,000.00 | 20,434,856.00 | 20,265,600.00 | 2.125 | Aaa | AAA | 1.567 | 07/01/2022 |
| 459058JM6 | 15806 | International Bank for Reconst | | 12/11/2020 | 15,000,000.00 | 14,993,400.00 | 14,992,500.00 | 0.250 | Aaa | AAA | 0.267 | 11/24/2023 |
| 459058JA2 | 15831 | International Bank for Reconst | | 01/27/2021 | 20,000,000.00 | 20,136,250.00 | 20,298,000.00 | 0.750 | Aaa | AAA | 0.385 | 03/11/2025 |
| 459058JL8 | 15843 | International Bank for Reconst | | 02/23/2021 | 15,000,000.00 | 14,849,066.70 | 14,930,850.00 | 0.500 | Aaa | AAA | 0.600 | 10/28/2025 |
| 45950VLH7 | 15649 | International Finance Corp | | 04/08/2020 | 11,003,000.00 | 11,286,645.24 | 11,415,062.35 | 2.000 | Aaa | AAA | 0.517 | 10/24/2022 |
| 45950KCP3 | 15671 | International Finance Corp | | 05/01/2020 | 15,028,000.00 | 15,878,284.24 | 16,226,483.00 | 2.875 | Aaa | AAA | 0.400 | 07/31/2023 |
| 45950KCJ7 | 15749 | International Finance Corp | | 09/18/2020 | 25,000,000.00 | 25,035,750.00 | 25,199,750.00 | 1.125 | Aaa | AAA | 0.171 | 07/20/2021 |
| 45950KCR9 | 15878 | International Finance Corp | | 04/16/2021 | 20,000,000.00 | 20,554,804.00 | 20,592,400.00 | 1.375 | Aaa | AAA | 0.520 | 10/16/2024 |
| | | **Subtotal and Average** | **261,298,742.85** | | **255,506,000.00** | **262,460,837.45** | **261,298,742.85** | | | | **1.026** | |
| | | **Total and Average** | **4,134,163,588.73** | | **4,303,524,604.91** | **4,392,397,500.50** | **4,356,257,043.77** | | | | **1.014** | |

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# APPENDIX H

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $



ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.



ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100