NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "__"
See "RATING" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$20,000,000*
SANGER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2016, Series B

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

Authority and Purpose. The captioned General Obligation Bonds, Election of 2016, Series B (the "Bonds") are being issued by the Sanger Unified 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 July 24, 2018. The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which authorized the issuance of $60,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities (the "2016 Authorization"). The Bonds are the second and final series of bonds to be issued under the 2016 Authorization. See "THE BONDS – Authority For Issuance" and "THE FINANCING PLAN" herein.

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

Book-Entry Only. The 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, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. The Bonds are dated the date of delivery, and will accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2019. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, St. Paul, Minnesota, 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 Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

Municipal Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds, and will decide prior to the sale of the Bonds whether to purchase such insurance. See "BOND INSURANCE."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 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. Kutak Rock LLP, Denver, Colorado is serving as counsel to the Underwriter. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about August 21, 2018.

STIFEL

The date of this Official Statement is _________, 2018.

**Preliminary, subject to change.*

MATURITY SCHEDULE*

SANGER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2016, Series B

Base CUSIP†: 800851

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†

$________ ____% Term Bonds maturing August 1, 20__; Yield: ___%; Price: ____; CUSIP†: ___

$________ ____% Term Bonds maturing August 1, 20__; Yield: ___%; Price: ____; CUSIP†: ___

**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any 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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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.

Estimates and Forecasts. 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 or any other entity described or referenced herein, 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. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

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 in accordance with, and as a part of, its responsibilities to investors under 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.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

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.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 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 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.

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

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$20,000,000*
SANGER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2016, Series B

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the captioned General Obligation Bonds Election of 2016, Series B (the **"Bonds"**) by the Sanger Unified School District (the "**District**").

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 and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District was unified in 1965 from the combination of separate school districts located within the current boundaries of the District. The City of Sanger, which is wholly within and near the center of the District, is located fifteen miles southeast of the City of Fresno. The District includes a portion of the City of Fresno. The District encompasses an area of approximately 180 square miles in the geographic center of Fresno County. The District operates fourteen elementary schools, one middle school, one high school, three charter schools, three alternative schools and an adult school. Nine preschool centers are operated by the District. See also Appendix C hereto for demographic and other statistical information regarding the City of Sanger and the County.

Purpose. The net proceeds of the Bonds will be used to finance school construction and improvements to the school facilities as authorized by more than the requisite 55% of the voters of the District (the **"2016 Authorization"**) at an election held in the District on November 8, 2016 (the **"Bond Election"**). See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds will be issued pursuant to the 2016 Authorization, certain provisions of the Government Code of the State of California (the "**State**"), commencing with Section 53506 thereof (the **"Bond Law"**), and a resolution adopted by the Board of Trustees of the District on July 24, 2018 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The 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 Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

**Preliminary; subject to change.*

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "– Mandatory Sinking Fund Redemption."

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

The District has other series of general obligation bonds outstanding that are payable from *ad valorem* taxes levied on taxable property in the District. See "DEBT SERVICE SCHEDULES" and "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations-General Obligation Bonds" in Appendix B.

Municipal Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds. The District will decide prior to the sale of the Bonds whether to purchase such insurance. See "BOND INSURANCE."

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Bonds will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from the State personal income taxes. See "TAX MATTERS" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent's Office at 1905 Seventh Street, Sanger, California 93657, Telephone: (559) 875-6521. The District may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

2016 Bond Measure**.** The proceeds of the Bonds will be used to finance projects approved by the voters pursuant to the 2016 Authorization, including related costs of issuance. The abbreviated form of the ballot measure is as follows:

"To maintain quality neighborhood schools and retain/attract qualified teachers by:

- *Expanding, upgrading, constructing and equipping classrooms, including vocational/job training, and computer/science labs for Sanger students;*
- *Repairing deteriorating classrooms/bathrooms; and*
- *Upgrading disabled accessibility, security, fire safety;*

Shall Sanger Unified School District issue $60,000,000 in bonds at legal interest rates, requiring audits, citizens' oversight, no money for administrator salaries and all money used locally?"

The Bonds will be the second and final series of general obligation bonds issued pursuant to the 2016 Authorization.

Bonding Capacity Waiver**.** Following a public hearing held by the District Board of Trustees on the question of submitting a waiver application to the State Board of Education (the **"SBE"**) with respect to the limits contained in the California Education Code on general obligation bonding capacity, the District applied to the SBE for a waiver of such provisions. On May 11, 2017, the SBE granted the District a waiver, which authorizes the District to have general obligation bond indebtedness outstanding in an amount not to exceed 3.23% of assessed valuation through August 1, 2023.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of Bonds	
Net Original Issue Premium	
Total Sources	
Uses of Funds	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Costs of Issuance[(1)]	
Total Uses	

(1) Estimated costs of issuance include, but are not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Paying Agent, bond insurance premium (if any), and the rating agency.

THE BONDS

Authority for Issuance

The Bonds will be issued under the Bond Law and the Bond Resolution.

Description of the Bonds

The Bonds mature in the years and in the amounts and bear interest at the rates per annum all as set forth on the inside cover page hereof. Interest shall be computed based on a 360-day year of twelve 30-day months. The 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 Bonds. See "Book-Entry Only System" below and "APPENDIX F – DTC and the Book-Entry Only System."

The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2019 (each, an **"Interest Payment Date"**). Each 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 fifteenth (15^{th}) day of the month preceding the Interest Payment Date (the **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2019, in which event it will bear interest from the date of delivery thereof identified on the cover page. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such 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 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 Bonds.

See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULES" herein.

Book-Entry Only System

The 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, New York, New York ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, Los Angeles, California (the "**Paying Agent**") to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment 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 prepayment of the Bonds called for prepayment or of any other action premised on such notice. See "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

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

Optional Redemption*

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ 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, 20__, 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.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The Bonds may all be separately redeemed.

Mandatory Sinking Fund Redemption

The Bonds maturing on August 1, 20__, and August 1, 20__ (the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedules set forth below. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	**Sinking Fund Redemption**

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	**Sinking Fund Redemption**

If any Term Bonds are redeemed pursuant to the optional redemption provisions described above, 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.

**Preliminary, subject to change.*

Notice of Redemption

The Paying Agent will cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Bonds designated for redemption, at their addresses appearing on the registration books maintained by the Paying Agent. Such notice may be a conditional notice of redemption and subject to rescission as set forth below. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such 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 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 on the Bonds so called for redemption have been duly provided, the 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.

Partial Redemption of Bonds

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

Right to Rescind Notice of Optional Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of optional redemption will 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 Bonds then called for redemption. The District and the Paying Agent have no liability to the owners of the Bonds or any other party related to or arising from any such rescission of redemption. The Paying Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

If the book entry system is discontinued, the District will 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 Bonds.

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

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity and series. Any 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 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 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 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 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 Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

The 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 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 Bonds; or

(c) by delivering such 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 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 Bonds and all unpaid interest thereon to maturity, except that, in the case of 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 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 Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of 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 Federal Securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such 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 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 defined in the Bond Resolution, 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.

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DEBT SERVICE SCHEDULES

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

SANGER UNIFIED SCHOOL DISTRICT
Bond Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
Total			

The following table shows the combined debt service schedule of all of the District's outstanding general obligation bonds (assuming no optional redemptions). See "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations- General Obligation Bonds" in Appendix B for a description of the District's outstanding general obligation bonds.

SANGER UNIFIED SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule

Bond Year Ending Aug. 1	1999 Refunding Bonds	Election of 2006, Series A Bonds	Election of 2012, Series A Bonds	Election of 2012, Series B Bonds	2014 Refunding Bonds	Election of 2012, Series C Bonds	Election of 2016, Series A Bonds	The Bonds	Total Debt Service
2017	$2,047,920.00	$1,055,600.00	$554,850.00	$821,693.76	$965,950.00	$1,109,914.17	$274,369.74		
2018	2,056,460.00	--	554,850.00	821,693.76	2,044,750.00	581,800.00	2,829,231.26		
2019	1,231,760.00	--	614,850.00	821,693.76	2,144,250.00	581,800.00	1,595,031.26		
2020	1,231,700.00	--	638,050.00	821,693.76	2,251,000.00	581,800.00	1,595,031.26		
2021	1,228,420.00	--	659,650.00	821,693.76	2,364,250.00	581,800.00	1,595,031.26		
2022	245,160.00	--	680,250.00	821,693.76	2,478,250.00	701,800.00	1,595,031.26		
2023	242,280.00	--	704,850.00	921,693.76	2,607,500.00	677,000.00	1,595,031.26		
2024	--	--	728,250.00	959,443.76	2,735,750.00	698,000.00	1,595,031.26		
2025	--	--	755,450.00	992,443.76	2,877,500.00	733,000.00	1,595,031.26		
2026	--	--	781,250.00	1,033,443.76	3,016,500.00	766,400.00	1,595,031.26		
2027	--	--	807,637.50	1,071,943.76	3,167,250.00	803,200.00	1,595,031.26		
2028	--	3,575,000.00	837,512.50	1,112,943.76	--	838,200.00	2,250,031.26		
2029	--	3,750,000.00	865,612.50	1,156,193.76	--	881,400.00	2,337,281.26		
2030	--	3,940,000.00	897,312.50	1,201,443.76	--	917,400.00	2,433,531.26		
2031	--	4,135,000.00	927,437.50	1,246,493.76	--	966,400.00	2,528,031.26		
2032	--	--	960,400.00	1,298,293.76	--	1,007,800.00	2,630,531.26		
2033	--	--	990,900.00	1,347,643.76	--	1,051,800.00	2,734,381.26		
2034	--	--	1,027,400.00	1,399,543.76	--	1,103,200.00	2,847,131.26		
2035	--	--	1,065,650.00	1,447,900.00	--	1,156,600.00	2,960,881.26		
2036	--	--	1,105,400.00	1,507,400.00	--	1,201,800.00	3,080,143.76		
2037	--	--	1,141,400.00	1,561,900.00	--	1,264,000.00	3,200,643.76		
2038	--	--	1,183,650.00	1,621,400.00	--	1,322,400.00	3,329,600.00		
2039	--	--	1,221,650.00	1,685,400.00	--	1,387,000.00	3,462,400.00		
2040	--	--	1,265,400.00	1,753,400.00	--	1,447,400.00	3,601,200.00		
2041	--	--	1,310,600.00	1,818,600.00	--	1,513,600.00	3,745,400.00		
2042	--	--	1,357,200.00	1,889,000.00	--	1,585,200.00	3,894,400.00		
2043	--	--	--	2,659,200.00	--	1,736,800.00	4,052,600.00		
2044	--	--	--	2,756,000.00	--	--	4,214,200.00		
2045	--	--	--	--	--	--	4,383,600.00		
Total	$8,283,700.00	$16,455,600.00	$23,637,462.50	$37,371,887.68	$26,652,950.00	$27,197,514.17	$75,144,869.94		

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property in the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment by the District of the 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).

Other Bonds Payable from Ad Valorem Property Taxes. The District has a number of general obligation bond issues outstanding which are payable from *ad valorem* 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* taxes levied on parcels in the District. See "PROPERTY TAXATION – Tax Rates" and "- Direct and Overlapping Debt" below.

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

Statutory Lien on* Ad Valorem *Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the 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 attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is 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* tax levied by the County for the District to repay the 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 Bonds. Fluctuations in the annual debt service on the 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, drought, earthquake, flood, fire 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.

Debt Service Fund

The County will establish a Debt Service Fund (the "**Debt Service Fund**") for the 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 by the District of the principal of and interest and premium (if any) on the Bonds will be deposited in the Debt Service Fund by the County promptly upon its receipt. The Debt Service Fund is pledged by the District for the payment by it of the principal of and interest and premium (if any) on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to enable the District to pay the principal of and interest and premium (if any) on the Bonds as the same becomes due and payable.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the County shall apply such amounts to pay debt service on other outstanding general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment by the District of principal of and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt (or a pledge of the full faith and credit) of the County.

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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 State assessed public utilities' property and real property, the taxes on which create a lien on such 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. 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. If taxes are unpaid for a period of five years or more, the property is subject to sale by the 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, SB813 (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, SB813 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.

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 counties 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 Valuation

Assessed Valuation History. The table below shows a recent history of the District's assessed valuation.

SANGER UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 2007-08 through Fiscal Year 2017-18

	Local Secured	Utility	Unsecured	Total	Annual % Change
2007-08	$3,096,591,106	$ 963,681	$ 68,313,507	$3,165,868,294	--
2008-09	3,158,655,179	963,681	101,531,813	3,261,150,673	3.0%
2009-10	2,900,824,712	903,281	94,694,438	2,996,422,431	-8.1
2010-11	2,908,967,895	903,281	101,951,945	3,011,823,121	0.5
2011-12	2,889,000,813	446,247	102,094,768	2,991,541,828	-0.7
2012-13	2,935,402,381	446,247	106,977,107	3,042,825,735	1.7
2013-14	3,061,947,696	446,247	110,497,470	3,172,891,413	4.3
2014-15	3,230,396,305	446,247	97,556,456	3,328,399,008	4.9
2015-16	3,405,010,047	402,402	87,368,926	3,492,781,375	4.9
2016-17	3,674,098,162	402,402	130,094,093	3,804,594,657	8.9
2017-18	3,864,009,597	402,402	128,841,177	3,993,253,176	5.0

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, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, with the exception of Fresno, Kings, Tulare and Tuolumne counties, where emergency drinking water projects are currently in place to address diminished groundwater supplies.

In addition, wildfires have occurred in recent years in different regions of the State, and recently Governor Jerry Brown, on October 12, 2017 declared states of emergency in Napa, Sonoma and Yuba Counties, and again on December 4, 2017 and December 7, 2017, declared states of emergency in Los Angeles and Ventura Counties, and San Diego and Santa Barbara Counties, respectively. Related flooding and mudslides also occurred in January 2018. The

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

Assessed Valuation by Jurisdiction. The following table shows the assessed valuation by jurisdiction in the District.

SANGER UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2017-18

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Clovis	$ 1,097,734	0.03%	$10,255,657,303	0.01%
City of Fresno	825,279,019	20.67	$34,453,902,554	2.40%
City of Sanger	1,190,853,012	29.82	$1,190,853,012	100.00%
Unincorporated Fresno County	1,976,023,411	49.48	$22,410,446,146	8.82%
Total District	$3,993,253,176	100.00%		
Fresno County	$3,993,253,176	100.00%	$74,685,966,186	5.35%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The table below shows the land use of property within the District, as measured by assessed valuation and the number of parcels for fiscal year 2017-18. As shown, the majority of the District's assessed valuation is represented by residential property.

SANGER UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2017-18

Non-Residential:	2017-18 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$ 675,532,190	17.48%	2,324	13.20%
Commercial	142,336,878	3.68	360	2.04
Vacant Commercial	15,316,050	0.40	71	0.40
Industrial	293,856,104	7.60	143	0.81
Vacant Industrial	7,503,068	0.19	62	0.35
Government/Social/Institutional	700,156	0.02	14	0.08
Miscellaneous	2,366,899	0.06	41	0.23
Subtotal Non-Residential	$1,137,611,345	29.44%	3,015	17.12%
Residential:				
Single Family Residence	$2,475,707,629	64.07%	11,918	67.69%
Condominium/Townhouse	3,359,955	0.09	71	0.40
Mobile Home	12,065,228	0.31	260	1.48
Mobile Home Park	4,976,403	0.13	6	0.03
2-4 Residential Units	25,253,249	0.65	173	0.98
5+ Residential Units/Apartments	25,555,930	0.66	31	0.18
Vacant Residential	179,479,858	4.64	2,133	12.11
Subtotal Residential	$2,726,398,252	70.56%	14,592	82.88%
Total	$3,864,009,597	100.00%	17,607	100.00%

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

Assessed Valuation of Single-Family Residential Parcels. The table below shows the breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2017-18.

SANGER UNIFIED SCHOOL DISTRICT
Per Parcel 2017-18 Assessed Valuation of Single-Family Homes

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	11,918	$2,475,707,629	$207,728	$200,000

2017-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	49	0.411%	0.411%	$ 842,701	0.034%	0.034%
$25,000 - $49,999	381	3.197	3.608	15,088,970	0.609	0.644
$50,000 - $74,999	542	4.548	8.156	33,826,308	1.366	2.010
$75,000 - $99,999	714	5.991	14.147	63,100,632	2.549	4.559
$100,000 - $124,999	943	7.912	22.059	106,516,588	4.302	8.861
$125,000 - $149,999	1,113	9.339	31.398	152,232,120	6.149	15.010
$150,000 - $174,999	1,049	8.802	40.200	170,365,081	6.881	21.892
$175,000 - $199,999	1,133	9.507	49.706	211,868,611	8.558	30.450
$200,000 - $224,999	1,211	10.161	59.867	257,074,851	10.384	40.833
$225,000 - $249,999	1,251	10.497	70.364	297,514,995	12.017	52.851
$250,000 - $274,999	1,143	9.591	79.955	298,734,053	12.067	64.917
$275,000 - $299,999	792	6.645	86.600	226,419,499	9.146	74.063
$300,000 - $324,999	457	3.835	90.435	141,825,328	5.729	79.792
$325,000 - $349,999	232	1.947	92.381	77,946,704	3.148	82.940
$350,000 - $374,999	168	1.410	93.791	60,587,228	2.447	85.387
$375,000 - $399,999	162	1.359	95.150	62,367,084	2.519	87.907
$400,000 - $424,999	106	0.889	96.040	43,728,299	1.766	89.673
$425,000 - $449,999	95	0.797	96.837	41,422,634	1.673	91.346
$450,000 - $474,999	61	0.512	97.349	28,110,031	1.135	92.482
$475,000 - $499,999	62	0.520	97.869	29,987,629	1.211	93.693
$500,000 and greater	254	2.131	100.000	156,148,283	6.307	100.000
Total	11,918	100.000%		$2,475,707,629	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

Reassessment or appeals of assessed values 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 B.

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. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

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 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.

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers. 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 Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds) may be paid.

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities for property in the District which lies in Tax Rate Area 9-000 during fiscal years 2013-14 through 2017-18.

SANGER UNIFIED SCHOOL DISTRICT
Typical Tax Rates
(TRA 9-000) (1)
Dollars per $100 of Assessed Valuation
Fiscal Years 2013-14 through 2017-18

	2013-14	2014-15	2015-16	2016-17	2017-18
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Sanger Unified School District	.159084	.168992	.163244	.135540	.168494
State Center Community College District	.009602	.009308	.008064	.008480	.025934
Total Tax Rate	$1.168686	$1.178300	$1.171308	$1.144020	$1.194428

(1) 2017-18 assessed valuation for TRA 9-000 is $482,132,413.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes the District's general obligation bond levies in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors could under certain circumstances terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. On July 15, 2008, the County adopted Resolution No. 08-322, which determined that, because the "…County of Fresno Supplemental Secured Property Tax Roll is now severely delinquent and, by such delinquency, impairs, impedes and disrupts the County of Fresno's general fund cash flow…", the County discontinues the use of the Teeter Plan as it applies to the supplemental secured property tax rolls. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property 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.

The following table shows secured tax charges and delinquencies for secured property in the District for property within the District for fiscal years 2008-09 through 2016-17.

SANGER UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2008-09 Through 2016-17

Fiscal Year	Secured Tax Charge [1]	Amount Delinquent June 30	Percent Delinquent June 30
2008-09	$32,618,751	$2,030,457	6.22%
2009-10	32,063,467	1,349,907	4.21
2010-11	33,032,161	1,145,020	3.47
2011-12	31,145,033	727,916	2.34
2012-13	32,876,985	706,037	2.15
2013-14	38,765,176	758,916	1.96
2014-15	41,344,097	661,161	1.60
2015-16	43,997,185	651,789	1.48
2016-17	46,333,770	638,494	1.38

(1) All taxes collected by the County on property in the District.
Source: California Municipal Statistics, Inc.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations for fiscal year 2017-18:

SANGER UNIFIED SCHOOL DISTRICT
Largest 2017-18 Local Secured Taxpayers

	Property Owner	Primary Land Use	2017-18 Assessed Valuation	% of Total [1]
1.	Del Rey Juice Company LLC	Food Processing	$ 99,490,943	2.57%
2.	Sanger Poultry LLC	Food Processing	46,989,380	1.22
3.	Britz Inc.	Agricultural	24,372,599	0.63
4.	International Paper Company	Industrial	22,855,990	0.59
5.	Harris Farms Inc.	Agricultural	20,192,706	0.52
6.	G4 Properties Ltd.	Residential Development	19,199,625	0.50
7.	DLM Partners	Agricultural	11,443,803	0.30
8.	Wal-Mart Real Estate Business Trust	Commercial	10,987,975	0.28
9.	Lennar Homes of California Inc.	Residential Development	10,523,042	0.27
10.	Algonquin Power Sanger LLC	Industrial	9,190,474	0.24
11.	Island Cattle Company LLC	Commercial	8,601,886	0.22
12.	Del Monte Fresh Produce Inc.	Food Processing	8,339,100	0.22
13.	Hazelton Farms Inc.	Agricultural	7,609,905	0.20
14.	Parga Partners LP	Agricultural	7,609,254	0.20
15.	Majestic Development	Agricultural	7,182,280	0.19
16.	Melkonian Brothers LLC	Agricultural	7,123,155	0.18
17.	Bam Investors	Apartments	6,623,310	0.17
18.	Vulcan Lands Inc.	Agricultural	6,599,300	0.17
19.	Loren Booth, Trustee	Agricultural	6,445,033	0.17
20.	Berberian Ranches Inc.	Agricultural	6,367,035	0.16
			$347,746,795	9.00%

[1] 2017-18 Local Secured Assessed Valuation: $3,864,009,597.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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, 2018. 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.

SANGER UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of July 1, 2018

2017-18 Assessed Valuation: $3,993,253,176

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/18
State Center Community College District	4.919%	$ 7,925,247
SANGER UNIFIED SCHOOL DISTRICT	**100.000**	**115,369,481**(1)
Fresno County Assessment District No. 282	100.000	3,000,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$126,294,728

DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Fresno County General Fund Obligations	5.347%	$ 2,215,797
Fresno County Pension Obligation Bonds	5.347	15,749,735
Sanger Unified School District Certificates of Participation	**100.000**	**40,735,000**
City of Clovis General Fund Obligations	0.011	1,097
City of Fresno General Fund and Judgment Obligations	2.395	4,365,054
City of Fresno Pension Obligation Bonds	2.395	2,975,668
City of Sanger General Fund Obligations	100.000	1,320,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$67,362,351

OVERLAPPING TAX INCREMENT DEBT:		
Sanger Redevelopment Agency (Successor Agency)	100.000%	$345,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$345,000

COMBINED TOTAL DEBT		$194,002,079(2)

Ratios to 2017-18 Assessed Valuation:
- **Direct Debt ($115,369,481) 2.89%**
- Total Direct and Overlapping Tax and Assessment Debt....... 3.16%
- **Combined Direct Debt ($156,104,481) 3.91%**
- Combined Total Debt.. 4.86%

Ratios to Redevelopment Incremental Valuation ($181,085,904):
- Total Overlapping Tax Increment Debt.................................. 0.19%

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(1) Excludes issue to be sold.
(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 District has applied for bod insurance to guarantee the scheduled payment of principal of and interest on the Bonds. The District will decide prior to the sale of the Bonds whether to purchase such insurance.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

Form of Opinion. A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the 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 retire the Bonds.

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

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Kutak Rock LLP, as Underwriter’s Counsel, and Keygent LLC, as financial advisor to the District, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District will execute a Continuing Disclosure Certificate in connection with the issuance of the Bonds in the form attached hereto as Appendix E. The District has covenanted therein, for the benefit of holders and beneficial owners of the 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 would be March 31), commencing March 31, 2019 with the report for the 2017-18 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board (the **“MSRB**”). The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in “APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5) (the **“Rule”**).

The District has existing disclosure undertakings made pursuant to the Rule in connection with the issuance of prior obligations of the District. In the previous five years, specific instances of non-compliance with prior undertakings are that the annual report for fiscal year 2011-12 was filed five days late without notice of late filing, and certain notices of insured ratings changes were not timely made. The District has taken remedial action to correct those items that required correcting. The District notes that some of its prior undertakings require the annual updating of information that appears to have been included in such undertakings in error, for example, information regarding the Los Angeles County investment pool (the District is located in Fresno County), debt service coverage ratios for general obligation bonds, and employees' contributions to State retirement funds, and as such, such information has not been provided annually. Identification of the foregoing instances does not constitute a representation that such instances are material. [TO BE UPDATED]

In order to assist in future timely compliance with its disclosure undertakings for its outstanding obligations and the Bonds, the District has contracted with Keygent LLC to serve as dissemination agent for the Bonds and the outstanding obligations of the District.

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.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**") has assigned a rating of "__" to the Bonds. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). Such a rating reflects only the view of S&P and explanations of the significance of such a rating may be obtained only from S&P. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $________ which is equal to the initial principal amount of the Bonds of $________, plus original issue premium of $________ less an Underwriter's discount of $________.

The bond purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell 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

The discussions herein about the Bond Resolution 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 such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

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 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 Bonds.

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

SANGER UNIFIED SCHOOL DISTRICT

By: ______________________________
Superintendent

APPENDIX A

SANGER UNIFIED SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2016-17

APPENDIX B

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 and interest on the Bonds is payable from the General Fund of the District. The 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 by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

General Information

The District covers an area of approximately 180 square miles in the geographic center of Fresno County (the "**County**"). The District was unified in 1965 from the combination of five independent elementary, junior high and high school districts located within the boundaries of the District. The City of Sanger, which is wholly within and near the center of the current District, is located fifteen miles southeast of the City of Fresno, a portion of which is included in the District. Other population centers in the District are the unincorporated communities of Del Rey and Centerville.

The District is the fourth largest school district in the County by number of students and consists of fourteen elementary schools, one middle school, one high school, three charter schools, three alternative schools and an adult school. Nine preschool centers are operated by the District.

Administration

Board of Trustees. The District is governed by a seven-member Board of Trustees that governs all activities related to public K-12 education. The District is divided into trustee areas, and each trustee area elects its respective Board member for a four-year term of office. Each year, the Board elects its President, Vice President and Clerk from among its own members.

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Peter R. Filippi	President	November 2018
Marcy Masumoto, Ed. D	Vice President	November 2020
Ismael (Mike) Hernandez	Clerk	November 2020
Kenneth R. Marcantonio	Member	November 2018
G. Brandon Vang	Member	November 2020
Jesse Vasquez	Member	November 2018
Tammy Wolfe	Member	November 2020

Superintendent and Administrative Personnel. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Matthew J. Navo is the District's Superintendent. Eduardo Martinez is the

Associate Superintendent, Administrative Services for the District. Following are brief bios for key personnel.

***Matthew J. Navo, Superintendent**:* Mr. Navo was appointed as Superintendent of the District in 2013. Mr. Navo has been an educator for 20 years, both as a teacher and an administrator. He began his work as a special day teacher, then served at the high school level as both a counselor and resource teacher. Mr. Navo followed that experience as a junior high learning director overseeing many departments including special education. He joined the District in 1999 as a high school assistant principal and served as elementary principal, alternative education principal, Director of Special Education, and Area Administrator, before being named Superintendent in 2013. Mr. Navo received his Bachelors Degree in Education and his Masters Degree in Special Education from California State University, Fresno. His credentials include: Professional Administrative Credential, Multiple Subject Teaching Credential, Professional Specialists Credential in Special Education, and a Supplemental Credential with an autism emphasis. Mr. Navo received the AMEA Closing the Achievement Gap Special Recognition Award and was named the Sanger Unified School District Administrator of the Year in 2005. Mr. Navo was named Chair of the Statewide Special Education Task Force in February 2014 to examine the State's complex systems for serving students with disabilities, looking at the path that special education has taken in the State and making recommendations for the future.

Eduardo Martinez, Associate Superintendent, Administrative Services: Mr. Martinez joined the District in 2003 as an elementary principal and has served in his current position since 2008. Prior to joining the District, he was employed by Clovis Unified School District and Parlier Unified School District and served in several positions including elementary and middle school teacher, guidance instructional specialist, and Learning Director. He received his Masters degree from California State University, Fresno in Educational Administration and Supervision and has 28 years of experience in the field of education.

Marsha Alfving, CPA, Chief Financial Officer: Ms. Alfving joined the District in 2009 as Accounting Manager and was named Chief Financial Officer in 2013. Her previous experience includes six years in public accounting in both the auditing and taxation areas with a focus on non-profit and governmental entities. She received her Bachelor of Science degree from California State University, Fresno in Business Administration-Accounting Option and holds a current and active CPA license in California.

Recent Enrollment Trends

The following table shows recent enrollment history for the District, including charter schools.

ANNUAL ENROLLMENT
Fiscal Years 2006-07 through 2019-20
Sanger Unified School District

School Year	Enrollment	% Change
2006-07	9,688	--
2007-08	10,129	4.6%
2008-09	10,368	2.4
2009-10	10,501	1.3
2010-11	10,752	2.4
2011-12	10,872	1.1
2012-13	10,916	0.4
2013-14	11,140	2.1
2014-15	11,204	0.6
2015-16	11,438	2.1
2016-17	11,722	2.5
2017-18	12,102	3.2
2018-19*	10,646	(12.0)
2019-20*	10,746	0.9

**Estimated Actuals/Budgeted.*
Source: California Department of Education for 2005-06 through 2017-18; Sanger Unified School District for 2018-19 through 2019-20.

Employee Relations

The District has 666 full time equivalent ("FTE") certificated employees, 435 FTE classified employees and 103 management/Supervisor/Confidential FTE employees. For fiscal year 2018-19, the total certificated and classified payrolls are budgeted to be approximately $52.4 million and $17.9 million, respectively. District employees are represented by employee bargaining units as follows:

Name of Bargaining Unit	Current Contract Expiration Date
Sanger Unified Teachers Association	June 20__
California School Employees Association	June 20__

Source: Sanger Unified School District.

DISTRICT FINANCIAL INFORMATION

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 or accreted value of or interest on the Bonds is payable from the general fund of the District. The 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.

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 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.

The fiscal year 2013-14 State budget package (the "**2013-14 Budget**") replaced the previous K-12 finance system with a new 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 22.5% 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 is being 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.

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2017-18 are set forth in the following table. Most school districts and charter schools will receive less than the LCFF Target because LCFF is being phased in. Until the LCFF is fully implemented (currently expected in fiscal year 2018-19), districts will receive an entitlement known as the LCFF Transition Entitlement.

Fiscal Year 2017-18 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2016-17 Base Grant Per ADA	2017-18 COLA (1.56%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2017-18 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,083	$110	$748	$7,941
4-6	7,189	112	n/a	7,301
7-8	7,403	115	n/a	7,518
9-12	8,578	134	227	8,939

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

The new legislation 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 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 the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance 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.

When a school district's share of local property taxes exceeds its funding entitlement under LCFF, it is deemed a Basic Aid District and is entitled to keep its local property taxes in lieu of lower funding per ADA available under LCFF. The District is not a Basic Aid District.

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 fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. 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.

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, 2017 Audited Financial Statements were prepared by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Fresno, California and are attached hereto as Appendix A. 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 Associate Superintendent, Administrative Services of the District, Sanger Unified School District, 1905 7th Street, Sanger, California 93657, telephone (559) 524-6521. 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.

[Remainder of page intentionally left blank]

General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2012-13 through 2016-17.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2012-13 through 2016-17 (Audited)[1]
Sanger Unified School District

	Audited 2012-13	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17
SOURCES					
Revenue Limit/LCFF Sources[2]	$47,497,817	$64,810,693	$74,024,907	$87,169,302	$95,363,339
Federal Revenues	6,575,791	6,317,297	6,787,053	6,975,324	7,195,917
Other state revenues	17,585,425	8,367,437	7,598,054	13,161,926	11,705,589
Other local revenues	5,843,766	7,083,343	7,427,073	8,675,405	10,297,927
Total Sources	77,502,799	86,578,770	95,837,087	115,981,957	124,562,772
EXPENDITURES					
Instruction	46,291,831	47,754,241	55,647,808	58,984,255	66,935,649
Supervision of instruction	3,338,332	4,711,803	3,268,284	3,961,786	4,847,035
Instructional library, media, tech	872,299	752,968	1,056,715	1,412,549	1,636,271
School site administration	5,933,361	5,720,040	6,369,091	6,649,837	7,492,005
Pupil services: Home-to-school transport.	2,783,010	3,013,572	2,828,059	3,419,124	3,308,252
Food services	21,651	--	--	--	61,672
All other pupil services	5,220,750	5,434,768	6,491,640	7,054,646	7,765,714
General administration: Data Processing.	629,889	635,583	1,191,172	703,726	365,958
All other general administration	3,280,453	3,359,012	3,797,258	5,071,997	4,792,187
Plant services	9,736,665	10,216,771	11,510,688	11,464,924	12,618,202
Facility acquisition and construction	227,456	206,393	6,460,345	2,482,493	10,440,153
Ancillary services	910,082	959,432	1,073,830	1,164,370	812,042
Community services	25,069	15,168	24,539	20,262	19,839
Other Outgo	936,376	1,177,724	1,220,962	1,569,788	1,566,236
Debt service					
Principal	454,113	443,641	658,914	3,177,068	2,658,405
Interest	152,797	118,637	113,054	1,348,967	1,410,688
Total Expenditures	80,704,134	82,538,282	101,712,359	108,485,792	126,730,308
Excess of (Deficiency) Revenues Over (Under) Expenditures	(3,201,335)	2,059,017	(5,875,272)	7,496,165	(2,167,536)
OTHER FINANCING SOURCES					
Operating transfers in	--	328,775*	--	1,133,604*	1,646,514*
Operating transfers out	(1,666,239)*	(1,262,896)*	(645,232)*	(195,659)	(236,524)
Other Sources (Uses)	--	--	--	--	2,803,053*
Contributions	1,510,990*	125,919	7,965,427*	--	--
Total Other Financing Sources (Uses)	(155,249)	(808,202)	7,320,195	937,945	4,213,043
NET change in fund balance	(3,356,584)	1,250,815	1,444,923	8,434,110	2,045,507
Fund Balance, July 1	11,399,626	9,505,213	10,756,028	12,200,951	20,635,061
Fund Balance, June 30	$8,043,042	$10,756,028	$12,200,951	$20,635,061	$22,680,568

(1) Totals may not foot due to rounding.
(2) LCFF commenced in fiscal year 2013-14.
*
Source: Sanger Unified School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

District Budget Process. 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 board of trustees 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 Fresno 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 October 13. 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 board of trustees 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 board of trustees 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 fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the 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 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. During the past five years, each of the District's adopted budgets has been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 1905 Seventh Street, Sanger, California 93657, Phone: (559) 524-6521. The District may impose charges for copying, mailing and handling.

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District's Fiscal Year 2017-18 Budgeted and Projected General Fund Figures. The following table shows a comparison of the Estimated Actuals figures for fiscal year 2017-18, and the Adopted Budget figures for fiscal year 2018-19.

SANGER UNIFIED SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance[1]
2017-18 Estimated Actuals
2018-19 Adopted Budget

Revenues	**Estimated Actuals 2017-18**	**Adopted Budget 2018-19**
LCFF Sources	$100,968,275	$109,058,035
Federal Revenues	7,565,821	7,561,075
Other State Revenues	10,464,403	10,141,124
Other Local Revenues	10,810,337	5,249,948
Total Revenues	129,808,836	132,010,182
Expenditures		
Certificated Salaries	52,008,143	52,445,854
Classified Salaries	17,685,747	17,939,884
Employee Benefits	27,379,386	28,423,560
Books and Supplies	10,890,853	9,262,985
Services and Other Operating Expenditures	11,272,464	10,807,683
Capital Outlay	16,022,697	8,884,381
Other Outgo (Excluding Indirect Costs)	5,642,527	5,708,275
Other Outgo – Transfers of Indirect Costs	(352,274)	(327,833)
Total Expenditures	140,549,545	133,144,790
Excess of Revenues Over/(Under) Expenditures	(10,740,709)	(1,134,608)
Other Financing Sources (Uses)		
Operating Transfers In	777,037*	193,000*
Operating Transfers Out	(236,772)	(245,000)
Other Sources	12,507,030*	--
Total Other Financing Sources (Uses)	13,047,295	(52,000)
Net Change In Fund Balance	2,306,586	(1,186,608)
Fund Balance, July 1	22,675,127	24,981,713
Fund Balance, June 30	$24,981,713	$23,795,105

(1) Totals may not foot due to rounding.
(2) Projected year totals.
*
Source: Sanger Unified School District Adopted Budget for Fiscal Year 2018-19.

District Reserves. In general, the State requires that California school districts maintain the equivalent of 3% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of the 3%.

In connection with legislation adopted in connection with the State's fiscal year 2014-15 Budget ("**SB 858**"), the California 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 Board of Trustees 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.

Effective January 1, 2018, Senate Bill 751, which was signed by the Governor on October 11, 2017, amends Section 42127.01 of the Education Code to raise the reserve cap to no more than 10% of a school district's combined assigned or unassigned ending general fund balance. In addition, the amendment provides that the reserve cap will be effective only if there is a minimum balance of 3% in the Proposition 98 reserve referenced in the preceding paragraph. Basic aid school districts and small districts with 2,500 or fewer ADA are exempted from the reserve cap contained in Education Code Section 42127.01.

The District cannot predict if or when the reserve cap enacted by SB 751 will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending.

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Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of average daily attendance (**"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 LCFF funding (phase in entitlement per ADA) for the District for fiscal years 2014-15 through 2018-19 (Budgeted).

AVERAGE DAILY ATTENDANCE AND TOTAL LCFF FUNDING
Fiscal Years 2014-15 through 2017-18 (Projected)
Sanger Unified School District

Fiscal Year	ADA(1)	Total LCFF Funding
2014-15	10,781	$74,024,907
2015-16	11,062	87,169,302
2016-17	11,283	95,363,339
2017-18(3)	11,637	100,968,275
2018-19(3)	11,726	109,058,035

(1) Represents the average entitlement per ADA across grade spans. ADA includes charter schools.
(3) Estimated Actuals/Budgeted.
Source: The District.

The District's unduplicated pupil count for fiscal year 2017-18 for purposes of calculating entitlement under the LCFF for supplemental funding and concentration grant funding is approximately [79.5]%.

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 was entitled to. Furthermore, if a school district's share of local property tax revenues exceeded the revenue limit, the school district was deemed a "Basic Aid" district, and entitled to keep the full share of local property taxes, even if they exceeded the revenue limit which would have been provided through State funding.

For school districts which were "Basic Aid" prior to implementation of the LCFF, provided that the per pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues, such districts are entitled to retain their status as Basic Aid and keep their full local property tax revenue entitlement. The threshold for Basic Aid status under the LCFF, however, is higher than under the prior funding formula, resulting in some district falling out of Basic Aid status as the result of the implementation of the LCFF. Accountability measures contained in the LCFF must be implemented by all districts, including Basic Aid districts.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds, 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 revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial 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. Lottery revenues generally comprise approximately 2% of general fund revenues. 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 "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education."

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

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the California Education Code (the **"Charter School Law"**). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability, and (c) provide competition within the public school system to stimulate improvements in all public schools.

There are currently three charter schools operating within the territory of the District. The District has granted and approved the three charter schools pursuant to Education Code Section 47605: the Quail Lake Environmental Charter School, the Hallmark Charter School, and the Sanger Academy Charter School. The charter schools are operated by the District, and their financial activities are presented in the District's audited financial statements in the Charter School Special Revenue Fund. The District makes no representation as to whether enrollment at such charter schools may increase at the expense of District enrollment in future years, whether additional charter schools will be established within the territory of the District, or as to the impact these or other charter school developments may have on the District's ADA or finances in future years.

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.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by $83,249,826. See "APPENDIX A - Audited Financial Statements of the District For Fiscal Year Ending June 30, 2017" and particularly Note 14.

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
Sanger Unified School District
Fiscal Years 2013-14 through 2017-18 (Projected)

Fiscal Year	Amount
2013-14	$3,575,626
2014-15	4,197,481
2015-16	5,327,586
2016-17	6,796,057
2017-18(1)	11,354,486
2018-19(2)	12,241,014

(1) Estimated Actuals.
(2) Budgeted.
Source: Sanger Unified 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 $107.3 billion as of June 30, 2017 (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 8.25% 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, 2016-17, and 2017-18 were 10.73%, 12.58%, and 14.43%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2018-19 through fiscal year 2020-21 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Projected Employer Contribution Rate(1)
2018-19	16.28%
2019-20	18.13
2020-21	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
Sanger Unified School District
Fiscal Years 2013-14 through 2017-18 (Projected)

Fiscal Year	Amount
2013-14	$1,546,375
2014-15	1,724,448
2015-16	2,057,298
2016-17	2,479,987
2017-18(1)	2,485,098
2018-19(2)	2,897,182

(1) Estimated Actuals.
(2) Budgeted.
Source: Sanger Unified 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 $23.6 billion as of June 30, 2017 (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 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 2017-18 through 2019-20

Fiscal Year	Discount Rate
2017-18	7.375%
2018-19	7.250
2019-20	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, were 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.

However, on February 13, 2018, the Board of Administration voted to shorten the period over which PERS will amortize actuarial gains and losses from 30 years to 20 years for new pension liabilities, effective for the June 30, 2019 actuarial valuations. Amortization payments for all unfunded accrued liability bases will be computed to remain a level dollar amount throughout the amortization period, and certain 5-year ramp-up and ramp-down periods will be eliminated. As a result of the shorter amortization period, the contributions required to be made by employers may increase beginning in fiscal year 2020-21.

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

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Employer Contribution Rate(1)
2018-19	18.062%
2019-20	20.800
2020-21	23.500

(1) 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.

APPLE

Employees not enrolled in PERS or STRS are enrolled in the Alternative Accumulation Program for Part-time and Limited Serviced Employees (APPLE). The District contributes 3.75% of an employee's gross earnings, and the employee is required to contribute 3.75% of his or her gross earnings to the pension plan. Contributions made by the District and an employee vest immediately.

Additional Information. Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached hereto 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

The Plan Generally. The Postemployment Benefits Plan (the "**Plan**") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides post-employment healthcare benefits to eligible retirees and their spouses. Membership in the plan consists of approximately 50 retirees and beneficiaries currently receiving benefits and approximately 990 active plan members.

Contribution Information. The contribution requirements of plan members and the District are established and may be amended by the District and the teachers union, the local California Service Employees Association ("**CSEA**"), and unrepresented groups. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, teachers union, CSEA and the unrepresented groups. For fiscal year 2016-17, the District contributed $325,847 (this does not include factor of 1.5099 to adjust for the implicit rate subsidy) to the Plan, all of which was used for current premiums (approximately 29% of total premiums). Plan members receiving benefits contribute the amount in excess of the District cap for a total contribution of $805,503 or approximately 71% of the total premiums.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit ("**OPEB**") cost is calculated based on the annual required contribution of the employer ("**ARC**"), an amount actuarially determined in accordance with the parameters of Government Accounting Standards Board Statement No. 45 ("**GASB 45**").

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities ("**UAAL**") over a period not to exceed 30 years.

A summary of the District's OPEB obligation, as shown in the District's audited financial statements as of June 30, 2017, is as follows:

Other Post-Employment Benefit Cost – 2016-17
Sanger Unified School District

Annual required contribution	$956,384
Interest on net OPEB obligation	69,338
Adjustment to ARC	(100,246)
Annual OPEB cost	925,476
Contributions made	(491,996)
Increase in net OPEB obligation	433,480
Net OPEB obligation, beginning of year	1,733,461
Net OPEB obligation, end of year	$2,166,941

Sanger Unified School District Audited Financial Statement for Fiscal Year 2016-17.

OPEB Funded Status and Funding Progress. Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows.

Schedule of OPEB Funding Progress
Sanger Unified School District

Fiscal Year Ending	Annual Required Contribution	Contributions during the year	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	$925,476	$491,996	53.16%	$2,166,941
6/30/16	933,778	468,182	50.14	1,733,461
6/30/15	797,665	529,609	66.39	1,267,865

Source: Sanger Unified School District Audited Financial Statement for Fiscal Year 2016-17.

Actuarial Methods and Assumptions. As described in the District's 2016-17 Audited Financial Statements (Note 12), the actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio.

Existing Debt Obligations

In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness, as well as certificates of participation payable from the general fund. The District has never defaulted on the payment of debt service on any of its long-term indebtedness. See "APPENDIX A - Audited Financial Statements For Fiscal Year 2016-17 – Note 9 - Long-Term Obligations" for summaries and expected debt service requirements of the District's long-term debt. See also "DEBT SERVICE SCHEDULES" in the body of this Official Statement.

SANGER UNIFIED SCHOOL DISTRICT
Schedule of Long Term Debt

Long-Term Debt	Balance June 30, 2017	Due in One Year
General Obligation Bonds	$122,122,342	$3,265,000
Bond Premiums	7,350,091	--
QSCB Certificates of Participation	14,871,194	1,345,624
Lease Purchase Agreements	5,745,000	420,000
Finance Lease Agreement	3,266,647	920,175
Capital Leases	1,124,518	134,466
Compensated Absences - Net	493,040	--
Other Postemployment Benefits	2,166,941	--
TOTAL	$157,139,773	$6,085,265

Source: Sanger Unified School District Audited Financial Statement for Fiscal Year 2016-17.

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General Obligation Bonds. In addition to the Bonds described herein, the District has other outstanding general obligation bonds or refunding bonds, each of which is secured by *ad valorem* taxes upon all property subject to taxation by the District, as summarized in the following table and as more particularly described below.

Summary of Outstanding General Obligation Bond Debt
Sanger Unified School District

GO Bond Issue	Date Issued	Final Maturity	Original Issue Amount	Amount Outstanding (June 1, 2018)
2006 Election Bonds				
Series A	08/03/2006	08/01/2031	$30,799,481.65	
2012 Election Bonds				
Series A	03/28/2013	08/01/2042	15,000,000.00	
Series B	10/08/2014	08/01/2044	20,000,000.00	
Series C	06/22/2016	08/01/2043	15,000,000.00	
2016 Election Bonds				
Series A	05/31/2017	08/01/2045	40,000,000.00	
Refunding Bonds				
1999 Refunding Bonds	06/29/1999	08/01/2023	24,815,000.00	
2014 Refunding Bonds	10/08/2014	08/01/2027	20,310,000.00	
TOTAL			$165,924,481.65	

2006 Election. On November 6, 2006, over 55% of the registered voters of the District approved the authorization to issue bonds of the District in an aggregate principal amount of $30,800,000 (the "**2006 Authorization**"). On August 3, 2006 the District issued its $30,799,481.65 General Obligation Bonds, Election of 2006, Series A Bonds. There is no remaining authorization under the 2006 Authorization.

2012 Election. On November 6, 2012, over 55% of the registered voters of the District approved the authorization to issue bonds of the District in an aggregate principal amount of $50,000,000 (the "**2012 Authorization**"). The District has issued Series A, Series B, and Series C. There is no remaining authorization under the 2012 Authorization.

2016 Election. On November 8, 2016, over 55% of the registered voters of the District approved the authorization to issue bonds of the District in an aggregate principal amount of $60,000,000 (the "**2016 Authorization**"). The District has issued an initial issue of Series A Bonds under the 2016 Authorization. The Bonds described herein are the second and final issuance under the 2016 Authorization.

1999 Refunding. On June 29, 1999, the District issued $24,815,000 in bonds (the "**1999 Refunding Bonds**") to advance refund outstanding issues of 1993, 1996 and 1998 general obligation bonds. Payments on the 1999 Refunding Bonds are due semi-annually on February 1 and August 1 through the year 2023. The interest rates on the 1999 Refunding Bonds vary from 5.10% to 5.60%.

2014 Refunding. On October 8, 2014, the District issued $20,310,000 in bonds (the "**2014 Refunding Bonds**") to advance refund a portion of the 2006 Series A Bonds. Payments on the 2014 Refunding Bonds are due semi-annually on February 1 and August 1 through the year 2027. The interest rates on the bonds vary from 2.00% to 5.00%.

General obligation bonds are payable from the levy of *ad valorem* taxes on all property within the District, without limitation as to rate or amount.

Certificates of Participation and Refunding Private Placement Lease

2013 Private Placement Refunding Lease. In March 2005, the Sanger Unified School District Financing Corporation issued certificates of participation in the amount of $5,000,000. The 2005 Certificates were refunded on February 1, 2013 through the issuance of a private placement lease in the original principal amount of $3,495,000 (the "**2013 Private Placement Lease**"). This obligation is referenced in the District's 2016-17 audit as the "2013 Lease Purchase Agreement."

Debt service on the 2013 Private Placement Lease, which is payable from the District's general fund, is as follows:

SANGER UNIFIED SCHOOL DISTRICT
2013 Private Placement Lease Debt Service

Year Ending June 30	Principal	Interest	Total
2018	$280,000	$73,950	$353,950
2019	285,000	65,550	350,550
2020	295,000	57,000	352,000
2021	305,000	48,150	353,150
2022	310,000	39,000	349,000
2023-2025	990,000	60,000	1,050,000
Total	$2,465,000	$343,650	$2,808,650

Source: Sanger Unified School District - Audited Financial Statements.

2017 Certificates of Participation. In August 2017, the District issued $12,585,000 of Certificates of Participation. The Certificates bear interest from 2.00% - 3.57%and mature from June 1, 2018 through June 1, 2047. The Certificates were issued to finance the acquisition and improvement of real property to be used as educational facilities by the District. The Certificates will be repaid with general District funds.

Qualified School Construction Bonds Certificates of Participation. In July 2010, the Sanger Unified School District Financing Corporation issued certificates of participation that were designated as Qualified School Construction Bonds in the amount of $23,195,000 (the "**QSCB Certificates**"), bearing interest at an annual rate of 5.25%. As the QSCB Certificates are issued under the Qualified School Construction Bond program, the District receives Federal subsidies that should amount to the annual required interest payments on the QSCB Certificates, less any portion of the Federal subsidy that has been or may be subject to Federal sequestration.

Debt service on the QSCB Certificates is as follows:

SANGER UNIFIED SCHOOL DISTRICT
QSCB Certificates
Debt Service

Year Ending June 30	Principal(1)	Interest	Total
2018	$1,345,624	$1,217,738	$2,563,362
2019	1,383,903	1,217,738	2,601,641
2020	1,420,639	1,217,738	2,638,377
2021	1,455,004	1,217,738	2,672,742
2022	1,485,973	1,217,738	2,703,711
2023-2027	7,780,051	6,088,690	13,868,741
Total	$14,871,194	$12,177,380	$27,048,574

(1) Mandatory sinking fund deposit. Final maturity of $23,195,000 is on June 15, 2027.
Source: Sanger Unified School District - Audited Financial Statements.

Capital Leases

The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase was $1,124,518 on June 30, 2017.

The capital leases have minimum lease payments as follows:

SANGER UNIFIED SCHOOL DISTRICT
Schedule of Capital Lease Payments

Year Ending June 30	Total Lease Payments
2018	$136,079
2019	128,878
2020	101,407
2021	101,407
2022	101,408
2023-2028	557,744
Total	1,126,923
Less amount representing interest	2,405
Present value of minimum lease payments	$1,124,518

Source: Sanger Unified School District - Audited Financial Statements.

Lease Purchase Agreements

In October 2014 the District entered into two lease purchase agreements to finance land acquisition and technological infrastructure improvements. On October 1, 2014, the District financed $3,545,000 in principal amount to finance the acquisition of property. Related lease payments bear interest at an annual rate of 3.9%, with lease payments due through 2034.

The lease payments are as follows:

SANGER UNIFIED SCHOOL DISTRICT
2014-15 Lease Purchase Agreement - Operations Building

Year Ending June 30	Principal	Interest	Total
2018	$140,000	$127,920	$267,920
2019	145,000	122,460	267,460
2020	150,000	116,805	266,805
2021	155,000	110,955	265,955
2022	165,000	104,910	269,910
2023-2027	1,333,930	423,930	1,333,930
2028-2032	1,110,000	231,660	1,341,660
2033-2034	505,000	29,640	534,640
Total	$3,280,000	$1,268,280	$4,548,280

Source: Sanger Unified School District - Audited Financial Statements.

On October 29, 2014, the District financed $3,238,840 in principal amount to finance infrastructure improvements. Related lease payments bear interest at an annual rate of 2.4%, with lease payments due through 2020. Both obligations are payable from the District's general fund.

SANGER UNIFIED SCHOOL DISTRICT
2014-15 Lease Purchase Agreement - Technology Infrastructure

Year Ending June 30	Principal	Interest	Total
2018	$643,527	$47,993	$691,520
2019	659,143	32,377	691,520
2020	675,137	16,383	691,520
Total	$1,977,807	$96,753	$2,074,560

Source: Sanger Unified School District - Audited Financial Statements.

Finance Lease Agreement

On March 28, 2017, the District entered into a lease purchase agreement to finance the acquisition of technology infrastructure. Related lease payments bear interest at an annual rate of 2.6%, with lease payments due through 2020.

The lease payments are as follows:

SANGER UNIFIED SCHOOL DISTRICT
2016-17 Finance Lease Agreement - Technology

Year Ending June 30	Principal	Interest	Total
2018	$428,418	$21,019	$449,437
2019	429,604	19,833	449,437
2020	430,818	18,619	449,437
Total	$1,288,840	$59,471	$1,348,311

Source: Sanger Unified School District - Audited Financial Statements.

Joint Powers Agreement and Joint Ventures

The District is a member of the California Risk Management Authority ("**CRMA I and CRMA II**") and, the Self-Insured Schools of California, public entity risk pools ("**SISC III**"). The District pays an annual premium to each entity for its health, workers' compensation and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's audited financial statements; however, fund transactions between the entities and the District are included in the District's audited financial statements. Audited financial statements for these entities are available from the respective entities.

The District has appointed one member to the governing board of CRMA II. During the year ended June 30, 2017, the District made payment of $1,261,940 CRMA II for workers' compensation. The District has appointed one member to the governing board of CRMA I. During the year ended June 30, 2017, the District made payment of $559,860 to CRMA I for general liability and auto insurance. The District has appointed one member to the governing board of SISC III. During the year ended June 30, 2017, the District made payment of $10,015,300 to SISC III for health benefits.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Fresno 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 hereto for a copy of the County's 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.

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STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

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. Public 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 primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

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. Neither 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, and 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, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2017-18 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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.

2018-19 State Budget

On June 27, 2018, the Governor signed the fiscal year 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $138.6 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.7 billion from the 2017-18 State budget. Of that $78.4 billion, approximately $61 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, two years earlier than originally scheduled, restoring every school district in the State to at least pre-recession funding levels, and including a 2.71% cost of living adjustment and an additional $570 million above the cost of living adjustment as an ongoing increase to the formula.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, the 2018-19 State Budget adds two additional reserves to State law, the Budget Deficit Safety Account and the Safety Net Reserve Fund. Other significant features of the 2018-19 State Budget include:

- $640 million in Proposition 51 State bond authority for school facilities;

- an increase to $11,640 in State-funded per pupil funding under LCFF, or $16,352 per pupil from all State, federal and local sources combined;

- one-time funding for K-12 school districts to finance various programs, including $300 million for the lowest-performing student subgroups, $125 million to address the shortage of special education teachers, and $100 million to expand facilities for kindergarten and transitional kindergarten;

- $57.8 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators, $4 million of which will go to geographical regional leads to build system-wide capacity to support school district improvement;

- $32.8 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, $21.8 for Northern California jurisdictions and $11 million for Southern California jurisdictions;

- a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

- $185.4 million to multiple state agencies for the first year of implementation of a $4 billion parks and water bond measure approved by voters in 2018; and

- one-time funding of $500 million of emergency aid to support local governments in addressing homelessness, to be used for emergency shelters, bridge housing, motel vouchers, and supportive housing.

Availability of State Budget. The complete 2018-19 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 Bonds.

Disclaimer Regarding State Budgets. The execution of the foregoing 2018-19 State Budget and future State budgets may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities such as pension or OPEB and (v) 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 accuracy of any assumptions or projections made in State budgets. Additionally, the District cannot predict the impact that the 2018-19 State Budget, or subsequent state budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitment with the District, the County, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the owners of the 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 the State Budget information set forth or referred to in this Official Statement or incorporated herein.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future revenues and expenditures and 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 budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 (as discussed below) 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 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, 39 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 Bonds. The tax levied by the County for payment of the 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) on 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. All of the District's outstanding General Obligation Bonds were authorized pursuant to clause (iii) above. 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.

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 State Board of Equalization 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 State Board of Equalization (**"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

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 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. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. 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 this proposition are K-12 school districts, community college districts, including the District, 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 percent 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 this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 30 and Proposition 55

Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as **"Proposition 30"**), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes 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 imposes 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 will be 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 and over, $340,000 but less than $408,000 for head-of-household 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 over $408,000 but less than $680,000 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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 school 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 4, 2008 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 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 provisions 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.

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 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, 22, 26, 30 and 39 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 C

GENERAL INFORMATION ABOUT
THE CITY OF SANGER AND THE COUNTY OF FRESNO

The following information concerning the County of Fresno (the "County") and the City of Sanger (the "City") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions, other than the District, and neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.

General

The City. The City was founded in 1886 when the Southern Pacific Company referred to the area as Sanger Junction, concerning plans to improve access to the fertile land. Later the area was known as Sanger. In 1888, the Pacific Improvement Company owned and sold lots on the site and the first post office opened. The City is located in central Fresno County approximately 15 miles southeast of the City of Fresno. It has a total area of 5.5 square miles. The City is served by Interstate 180 and Highway 99. The City was incorporated on May 9, 1911. The City Council consists of five elected members. The position of Mayor is elected at large. The appointment of the Mayor Pro Team changes every other year in December and is decided by a vote of the five Council members.

The County. The County is California's fifth-largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Population

The most recent estimate of the County's population at January 1, 2018 was 1,007,229 according to the State Department of Finance. The City has an estimated 2018 population of 26,648. The table below shows population estimates for the City, the County and the State for the last five years.

CITY OF SANGER, COUNTY OF FRESNO AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2014 through 2018, as of January 1

Year (January 1)	City of Sanger	County of Fresno	State of California
2014	24,912	964,611	38,568,628
2015	25,286	975,043	38,912,464
2016	25,878	984,537	39,179,627
2017	26,249	995,223	39,500,973
2018	26,648	1,007,229	39,809,963

Source: State Department of Finance, Demographic Research.

Employment and Industry

The District is located in the Fresno Metropolitan Statistical Area ("**MSA**"), which includes the entire County. The unemployment rate in the County was 6.9% in May 2018, down from a revised 7.5 percent in April 2018, and below the year-ago estimate of 7.8%. This compares with an unadjusted unemployment rate of 3.7% for California and 3.6% for the nation during the same period.

The following tables show civilian labor force and wage and salary employment data for the County, for the years 2013 through 2017.

COUNTY OF FRESNO
Fresno MSA
Civilian Labor Force[(1)], Employment and Unemployment, Unemployment by Industry
(Annual Averages)
(March 2017 benchmark)

	2013	2014	2015	2016	2017
Civilian Labor Force	437,900	439,300	441,400	446,100	449,900
Civilian Employment	379,900	388,400	396,400	403,700	411,700
Civilian Unemployment	58,100	50,900	45,000	42,400	38,200
Civilian Unemployment Rate	13.3%	11.6%	10.2%	9.5%	8.5%
Wage and Salary Employment: [(2)]					
Agriculture	49,200	48,800	47,300	46,900	46,500
Mining and Logging	300	300	300	300	300
Construction	13,100	13,900	15,000	16,000	17,300
Manufacturing	23,100	23,900	25,300	25,200	25,700
Wholesale Trade	13,600	13,700	13,800	14,300	14,400
Retail Trade	35,100	36,300	37,400	38,500	38,700
Information	3,800	3,900	3,900	3,800	3,600
Financial and Insurance	8,700	8,400	8,500	8,700	8,800
Professional and Business Services	28,900	31,000	31,500	31,900	32,000
Educational and Health Services	55,400	57,000	60,400	64,300	67,800
Leisure and Hospitality	29,000	30,600	31,400	32,800	34,000
Other Services	10,900	11,200	11,500	11,700	11,700
Federal Government	9,900	9,800	9,600	9,800	9,800
State Government	10,600	11,400	11,900	12,100	12,400
Local Government	43,600	45,100	47,200	49,000	50,300
Total All Industries [(3)]	351,500	361,500	371,700	382,800	391,000

(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 following table lists the major employers within the County as of July 2018, in alphabetical order.

COUNTY OF FRESNO
Major Employers (Listed Alphabetically)
As of July 2018

Employer Name	Location	Industry
Aetna	Fresno	Insurance
California Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal
Cargill	Fresno	Meat Packers (mfrs)
Community Regional Medical Ctr	Fresno	Hospitals
Ferrellgas	Clovis	Gas-Propane-Refilling Stations
Foster Farms	Fresno	Poultry Farms
Fresno County Economic Comm	Fresno	Schools-Nursery & Kindergarten Academic
Fresno County Sheriff's Dept	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno State	Fresno	Schools-Universities & Colleges Academic
Fresno Unified School District	Fresno	School Districts
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service (mfrs)
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
Shehadey Pavilion At St Agnes	Fresno	Diagnostic Imaging Centers
St Agnes Medical Ctr	Fresno	Information & Referral Svcs-Hlth Prgrms
St Agnes Medical Ctr	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Schools-Universities & Colleges Academic
Taylor Communications	Fresno	Commercial Printing NEC (mfrs)
US Veterans Medical Ctr	Fresno	Hospitals
Zacky Farms	Fresno	Poultry & Eggs NEC

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2018 2nd Edition.

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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 median household effective buying income for the City, the County, the State of California, and the United States for the years 2013 through 2017.

CITY OF SANGER, COUNTY OF FRESNO, THE STATE OF CALIFORNIA AND THE UNITED STATES
Total and Median Household Effective Buying Income as of January 1, 2013 Through 2017

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2013	City of Sanger	$293,118	$35,578
	County of Fresno	14,713,743	38,382
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Sanger	$288,285	$34,720
	County of Fresno	15,070,070	38,000
	California	901,190,699	50,072
	United States	7,357,153,421	45,448
2015	City of Sanger	$330,465	$38,348
	County of Fresno	16,227,013	40,819
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2016	City of Sanger	$350,024	$38,585
	County of Fresno	16,706,632	41,237
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2017	City of Sanger	$385,167	$44,633
	County of Fresno	18,128,509	44,641
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735

Source: The Nielsen Company (US), Inc.

Commercial Activity

Total taxable transactions in the City during calendar year 2016 were estimated to be $186,794,820, an 1.79% decrease over the total taxable transactions of $190,205,622 that were estimated during calendar year 2015. A summary of historic taxable sales within the. City is shown in the following table. Taxable sales figures are not yet available for calendar year 2017.

CITY OF SANGER
Taxable Transactions – 2012 through 2016
(dollars in thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	249	$133,274	364	$165,429
2013	229	136,067	338	168,276
2014	253	138,386	356	169,156
2015(1)	264	144,940	397	190,206
2016	284	148,229	417	186,795

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales reported during calendar year 2016 in the County were reported to be $14,073,246,251, a 0.05% decrease over the total taxable sales of $14,080,799,795 reported during calendar year 2015. A summary of historic taxable sales within the County is shown in the following table. Taxable sales figures are not yet available for calendar year 2017.

COUNTY OF FRESNO
Taxable Transactions – 2012 through 2016
(dollars in thousands)

	Retail Stores		**Total All Outlets**	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	12,670	$8,164,919	19,164	$12,020,630
2013	12,047	8,597,480	18,112	12,618,111
2014	12,268	8,998,182	18,304	13,328,511
2015(1)	7,298	9,247,616	20,242	14,080,800
2016	13,128	9,567,618	20,530	14,073,246

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Construction activity for the past five years in the City is shown in the following table.

CITY OF SANGER
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$3,845.9	$8,977.8	$8,992.9	$15,073.3	$14,722.0
New Multi-family	0.0	7,115.1	160.0	190.0	10,182.6
Res. Alterations/Additions	128.3	456.2	405.3	1,322.7	317.3
Total Residential	3,974.2	16,549.1	9,558.2	16,586.0	25,221.9
New Commercial	954.4	2,560.0	21.0	5,858.5	2,125.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,793.8	133.3	526.5	1,391.7	2,299.0
Com. Alterations/Additions	3,335.8	126.0	1,033.0	837.0	456.3
Total Nonresidential	6,083.9	2,819.3	1,580.5	8,087.2	4,881.1
New Dwelling Units					
Single Family	22	46	60	62	57
Multiple Family	0	0	2	3	51
TOTAL	22	46	62	65	108

Source: Construction Industry Research Board, Building Permit Summary

Construction activity for the past five years in the County is shown in the following table.

COUNTY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$622,066.8	$388,564.8	$580,986.1	$689,016.6	$512,951.0
New Multi-family	66,027.4	43,654.0	34,183.5	52,363.2	131,175.3
Res. Alterations/Additions	30,063.8	35,354.2	31,800.5	30,648.8	29,478.7
Total Residential	718,158.0	467,573.0	646,970.1	772,028.6	673,605.0
New Commercial	129,117.6	98,770.4	210,280.3	184,408.2	201,676.5
New Industrial	20,967.0	21,368.5	8,359.4	14,895.8	14,087.9
New Other	49,089.1	49,382.5	121,042.6	147,642.2	68,383.0
Com. Alterations/Additions	77,977.8	70,566.8	88,609.5	80,745.4	69,202.2
Total Nonresidential	277,151.5	240,088.2	428,291.8	427,691.6	353,349.6
New Dwelling Units					
Single Family	2,310	1,140	2,153	2,559	1,886
Multiple Family	773	539	343	339	1,135
TOTAL	3,083	1,949	2,496	2,898	3,021

Source: Construction Industry Research Board, Building Permit Summary

Transportation

Orange Cove transit is provided through the Fresno-Clovis Metropolitan Area, Parlier, Reedley, and Orange Cove, Monday through Friday. There are two Amtrak train stations within 30 miles of the Sanger city center. The nearest airport within 13 miles is Fresno Yosemite International Airport. Another local airport is Fresno Chandler Executive Airport, which is 20 miles away. The City is served by Interstate 180 and Highway 99.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

[Closing Date]

Board of Trustees
Sanger Unified School District
1905 Seventh Street
Sanger, California 93657

OPINION: $__________ Sanger Unified School District
(Fresno County, California)
General Obligation Bonds Election of 2016, Series B

Members of the Board of Trustees:

We have acted as bond counsel to the Sanger Unified School District (the "District") in connection with the issuance by the District of $_________ principal amount of Sanger Unified School District (Fresno County, California) General Obligation Bonds Election of 2016, Series B, dated the date hereof (together, the "Bonds"), under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution adopted by the Board of Trustees of the District (the "Board") on July 24, 2018 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we 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 a duly created and validly existing unified 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 authorized, executed and delivered by the District, and are valid and binding general obligations of the District.

4. The Board of Supervisors of Fresno County is required to levy an *ad valorem* tax upon the property in the District, unlimited as to rate or amount, for the payment of principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. 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.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_________________
SANGER UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
Election of 2016, Series B

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Sanger Unified School District (the "**District**") in connection with the issuance and delivery of the captioned bonds (the "**Bonds**"). The captioned Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on July 24, 2018 (the "**Resolution**"). U.S. Bank National Association is initially acting as paying agent for the Bonds (the "**Paying Agent**").

The District hereby 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 S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means the date not later than nine months after the end of each fiscal year of the District (currently March 31).

"*Dissemination Agent*" means, initially, Keygent LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent 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.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Paying Agent*" means U.S. Bank National Association, Los Angeles, California, or any successor thereto.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*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 not later than March 31, 2019 with the report for the 2017-18 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. 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 (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each 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 District's 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, or if available at the time of filing the Annual Report, for the fiscal year in which the Annual Report is filed, as follows:

(i) total assessed valuation of taxable properties in the District;

(ii) total assessed valuation of taxable properties of the top twenty taxpayers in the District;

(iii) property tax collection delinquencies for the District, but only if *ad valorem* taxes for general obligation bonds are not collected on the County's Teeter Plan and such information is available from the County at the time of filing the Annual Report; and

(iv) the District's most recently adopted budget 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) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed 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.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, 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.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) 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.

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(c).

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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Keygent LLC. 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 of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or 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 Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to 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(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice 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 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or 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 Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) 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 they 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 Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2018

SANGER UNIFIED SCHOOL DISTRICT

By: ____

Name

Title

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Sanger Unified School District (the "District")
Name of Bond Issue:	Sanger Unified School District General Obligation Bonds, Election of 2016, Series B
Date of Issuance:	_________, 2018

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of _________, 2018. The District anticipates that the Annual Report will be filed by _____________.

Dated:___________________

DISSEMINATION AGENT:

By: ___________________________
Its: ___________________________

cc: Paying Agent and Participating Underwriter

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY 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 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 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 Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this 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.

APPENDIX G

FRESNO COUNTY INVESTMENT POOL

INVESTMENT POLICY AND INVESTMENT REPORT