PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2018

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, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$42,000,000*
CENTRAL UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
2016 Election, Series B
(GO Reauthorization Bonds®)

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

Authority and Purpose. The Central Unified School District (Fresno County, California) General Obligation Bonds, 2016 Election, Series B (GO Reauthorization Bonds®) (the ""Bonds') are being issued by the Central 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 September 25, 2018 (the "Bond Resolution"). The Bonds were authorized at an election of the registered voters of the District held on November 8, 2016, which reauthorized the issuance of $87,300,000 principal amount of general obligation bonds for the purpose of financing the replacement and upgrading of school facilities. The Bonds are the first series of bonds to be issued under this 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 Fresno County (the "County"). The County Board of Supervisors is empowered and is obligated to annually levy *ad valorem* taxes for the payment 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). 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 are being issued as current interest bonds. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2019. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, Seattle, Washington, 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 optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

Bond Insurance. The District has qualified the Bonds for municipal bond insurance and will make a determination at the time of sale of the Bonds as to whether to obtain said 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, 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 Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about December 5, 2018.

STIFEL

The date of this Official Statement is _____ __, 2018.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

CENTRAL UNIFIED SCHOOL DISTRICT

(Fresno County, California)
Base CUSIP†: 798492

General Obligation Bonds,
2016 Election, Series B
(GO Reauthorization Bonds®)

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

**Preliminary; subject to change.*

CENTRAL UNIFIED SCHOOL DISTRICT
(Fresno County, California)

BOARD OF TRUSTEES

DISTRICT ADMINISTRATION

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Dale Scott & Company Inc.
San Francisco, California

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

U.S. Bank National Association
Seattle, Washington

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 the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

TABLE OF CONTENTS

Page

$42,000,000*
CENTRAL UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
2016 Election, Series B
(GO Reauthorization Bonds®)

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 General Obligation Bonds 2016 Election, Series B (GO Reauthorization Bonds®) (the "**Bonds**") by the Central 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 is a unified school district formed in 1982 that serves an area of approximately 88 square miles in the western portion of Fresno County (the "**County**"). The District serves a portion of the incorporated City of Fresno (the "**City**") and other areas of the County by providing K-12 education, as well as adult and alternative education programs. The District currently operates 1 preschool, 14 elementary schools, three middle schools, one high school (with two campuses), one continuation high school, one community day schools, one alternative school and one adult school. For more information regarding the District and its finances, see Appendix A and Appendix B hereto. See also Appendix C for demographic and other statistical information regarding the City and the County.

Purpose. The Bonds will be the second issue of bonds which were authorized at an election held on November 8, 2016 (the "**2016 Bond Reauthorization**"). The net proceeds of the Bonds will be used to finance new construction and modernization of school facilities for the District. A portion of the proceeds of the Bonds will be applied to pay the related costs of issuance thereof. See "THE FINANCING PLAN" herein.

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to applicable provisions of the Government Code of the State of California, commencing with Section 53506 thereof, and pursuant to a resolution adopted by the Board of Trustees of the District on September 25, 2018 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to applicable provisions of the Government Code of the State of California, commencing with Section 53506 thereof, and pursuant to a resolution adopted by the Board of Trustees of the District on September 25, 2018 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

**Preliminary; subject to change.*

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."

Redemption. The Bonds are subject to optional and mandatory sinking fund 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 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 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."

Legal Matters. Issuance of the Bonds is subject to the approving opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the respective forms attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (**"Disclosure Counsel"**). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, 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. Also, in the opinion of Bond Counsel, interest on the Bonds will be exempt from State of California personal income taxes. See "TAX MATTERS" herein.

Bond Insurance. The District has qualified the Bonds for municipal bond insurance, and will make a determination upon the sale of the Bonds as to whether to obtain said insurance.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection with the Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE" 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 District from the Superintendent's Office at Central Unified School District, 4605 North Polk Avenue, Fresno, California 93722, Phone: (559) 274-4700. The District may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

The Bonds

The net proceeds of the Bonds will be used to finance projects approved by the voters pursuant to the 2016 Bond Reauthorization. The 2016 Bond Reauthorization represented a reauthorization of a portion of the bonds which were originally authorized under an election held on November 4, 2008, pursuant to which a bond measure known as Measure B was approved in the aggregate principal amount of $152,000,000 (the "2008 Bond Authorization").

As provided in the election proceedings relating to the 2016 Bond Reauthorization, bonds in the aggregate principal amount of $87,300,000 were authorized to be issued in replacement for a like aggregate principal amount of bonds authorized under the 2008 Bond Authorization, resulting in no increase in the total authorized principal amount of bonds. The abbreviated form of the 2016 Bond Reauthorization is as follows:

> *"To continue renovating, constructing and equipping existing classrooms/school facilities, building a new high school and elementary school, and to be eligible for State matching funds, shall $87,300,000 of Central Unified School District bonds, an amount previously approved by voters in 2008, be reauthorized through issuance of new bonds, with no increase in total authorized District debt, interest rates within legal limits, annual audits, citizen oversight, all funds spent on local schools and no money for administrator salaries?"*

Pursuant to the 2016 Bond Reauthorization, the District has previously issued an initial series of bonds thereunder in the aggregate principal amount of $25,000,000. The Bonds will be the second series of bonds issued under the 2016 Bond Reauthorization. Upon the successful issuance of the Bonds, a like principal amount of the 2008 Bond Authorization will be canceled in accordance with the 2016 Bond Reauthorization. Assuming the full authorized amount of bonds are issued under the 2016 Bond Reauthorization, the amount of bonds which are authorized but unissued under the 2016 Bond Reauthorization following the issuance of the 2016 Series B Bonds will be $20,300,000*.

Additional General Obligation Bonds

In addition to bonds issued pursuant to the 2008 Bond Authorization and the 2016 Bond Reauthorization, the District has other general obligation bonds which are similarly secured by *ad valorem* taxes levied and collected in the District. See "DEBT SERVICE SCHEDULES" and "APPENDIX A - GENERAL AND FINANCIAL INFORMATION FOR THE CENTRAL UNIFIED SCHOOL DISTRICT- DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

SOURCES AND USES OF FUNDS

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

<u>Sources of Funds</u>	
Principal Amount of Bonds	
Plus: Net Original Issue Premium	
Total Sources	
<u>Uses of Funds</u>	
Deposit to Building Fund	
Deposit to Debt Service Fund	
Costs of Issuance (1)	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriters' discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent and the rating agencies.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to Sections 53506 *et seq*. of the California Government Code and the Bond Resolution.

Description 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 "Book-Entry Only System" below and "APPENDIX F – DTC and the Book-Entry Only System."

The Bonds will be issued in the denominations 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 (15th) 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 of the Bonds identified on the cover page hereof. 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.

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, Seattle, 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 any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Optional Redemption*

The Bonds maturing on or after August 1, 202_ 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, 202_, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

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

Mandatory Sinking Fund Redemption*

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

---
* *Preliminary; subject to change.*

$_________ Term Bonds
Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds will 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.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption. Such notice may be a conditional notice of redemption and subject to rescission as described below. Notice of any redemption of Bonds shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

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

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 redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption.

The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

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

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

Bonds may be exchanged at the principal corporate trust office of the Paying Agent in Seattle, Washington for a like aggregate principal amount of Bonds of authorized denominations and of the same series and maturity. 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 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), then all liability of the County and 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 obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States.

APPLICATION OF BOND PROCEEDS

Building Fund

Pursuant to the Bond Resolution, the net proceeds from the sale of the Bonds will be paid and credited to the fund established and held by the Fresno County Treasurer (the **"County Treasurer"**) and designated as the "Central Unified School District, 2016 Election, Series B Building Fund" (the **"Building Fund"**). Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bond proceeds are authorized to be expended under the 2016 Bond Reauthorization (which includes related costs of issuance). Amounts credited to the Building Fund will be expended by the District solely for the financing of projects for which the Bond proceeds are authorized to be expended under the 2016 Bond Reauthorization (which includes related costs of issuance).

All interest and other gain arising from the investment of proceeds of the Bonds will be retained in the respective Building Fund and used for the purposes thereof. All moneys held in the Building Fund will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Pursuant to the Bond Resolution and applicable provisions of the Education Code, a portion of the proceeds of the Bonds may be deposited with a fiscal agent for the purpose of paying costs of issuance. See also "APPENDIX G - FRESNO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT" herein.

Debt Service Fund

Pursuant to the Bond Resolution, the amount of premium, if any, received by the County on behalf of the District from the sale of the Bonds will be deposited and kept separate and apart in the fund established and held by the County Treasurer and designated as the "Central Unified School District 2016 Election, Series B General Obligation Bonds Debt Service Fund" (the "**Debt Service Fund**"), which is pledged for the payment of the principal of and interest on the Bonds when and as the same become due. All taxes levied by the County for the payment 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 apportionment of said levy.

Any moneys remaining in a Debt Service Fund after the Bonds and the interest thereon have been paid, shall be transferred to any other interest and sinking fund or account for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, shall be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Bonds

All moneys held in any of the funds or accounts established with the County under the Bond Resolution will be invested in Authorized Investments (as defined in the Bond Resolution) in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Bond Resolution will be deposited in the fund or account from which such investment was made, and will be expended for the purposes thereof.

In accordance with Government Code Section 53600 *et seq*., the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G - FRESNO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT."

DEBT SERVICE SCHEDULES

Bonds Debt Service. The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

CENTRAL UNIFIED SCHOOL DISTRICT
2016 Series B Bonds
Annual Debt Service Schedule

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
Total			

General Obligation Bond Combined Debt Service. The following table shows the combined debt service schedule with respect to all outstanding general obligation bonds of the District, including the Bonds. See "APPENDIX A - GENERAL AND FINANCIAL INFORMATION FOR THE CENTRAL UNIFIED SCHOOL DISTRICT– DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations" for additional information.

CENTRAL UNIFIED SCHOOL DISTRICT
Combined Debt Service Schedule

Period Ending (Aug. 1)	Election of 2008, Series A Bonds	Election of 2008, Series B Bonds	2014 Refunding Bonds	Election of 2008, Series C Bonds	2014 Refunding Bonds, Series B	2016 Refunding Bonds	Election of 2008, Series D Bonds	Election of 2016, Series A Bonds	Election of 2016, Series B Bonds	Aggregate Annual Debt Service
2019	$981,750.00	-	$1,745,568.76	$262,006.26	$868,068.76	$1,255,650.0	$794,550.00	$3,157,800.00		
2020	-	-	1,880,168.76	287,006.26	873,068.76	2,550,650.0	386,550.00	862,800.00		
2021	-	-	2,028,168.76	301,506.26	858,318.76	2,665,900.0	383,900.00	862,800.00		
2022	-	-	2,182,668.76	320,706.26	858,318.76	2,787,150.0	378,500.00	862,800.00		
2023	-	-	2,346,668.76	338,906.26	847,318.76	2,908,650.0	377,900.00	862,800.00		
2024	-	-	2,514,168.76	361,506.26	840,818.76	3,034,900.0	376,900.00	862,800.00		
2025	-	-	2,589,418.76	383,356.26	903,568.76	3,170,150.0	370,500.00	957,800.00		
2026	-	-	2,781,418.76	404,456.26	887,068.76	3,308,400.0	366,000.00	999,000.00		
2027	-	-	2,988,918.76	429,806.26	867,218.76	3,455,700.0	356,000.00	1,038,400.00		
2028	-	-	3,195,418.76	454,025.00	851,168.76	3,599,400.0	360,750.00	1,076,000.00		
2029	-	-	3,419,881.26	482,037.50	890,118.76	3,764,100.0	339,500.00	1,121,800.00		
2030	-	-	-	513,600.00	3,336,681.26	3,919,500.0	339,900.00	1,165,400.00		
2031	-	-	-	538,450.00	3,433,931.26	4,308,500.0	-	1,215,200.00		
2032	-	-	-	568,450.00	-	4,526,850.0	-	1,262,200.00		
2033	-	$4,614,722.50	-	633,450.00	-	-	-	1,311,675.00		
2034	-	4,906,137.60	-	668,450.00	-	-	-	1,363,300.00		
2035	-	5,114,952.40	-	698,450.00	-	-	-	1,417,475.00		
2036	-	5,329,566.00	-	728,450.00	-	-	-	1,473,187.50		
2037	-	5,555,000.00	-	758,450.00	-	-	-	1,536,000.00		
2038	-	5,792,081.40	-	793,450.00	-	-	-	1,594,000.00		
2039	-	6,037,362.10	-	823,450.00	-	-	-	1,657,000.00		
2040	-	6,296,437.25	-	860,800.00	-	-	-	1,724,500.00		
2041	-	6,560,769.60	-	900,200.00	-	-	-	1,796,000.00		
2042	-	6,840,000.00	-	936,400.00	-	-	-	1,866,000.00		
2043	-	-	-	974,450.00	-	-	-	1,943,600.00		
2044	-	-	-	1,014,050.00	-	-	-	2,020,800.00		
TOTAL	$2,630,250.00	$57,047,028.85	$30,807,606.38	$15,959,881.36	$18,040,556.40	$47,766,800	$5,684,246.67	$45,853,733.06		

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 within the District and collected by the County. The County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding. See "DEBT SERVICE SCHEDULES" above and "APPENDIX A - GENERAL AND FINANCIAL INFORMATION FOR THE CENTRAL UNIFIED SCHOOL DISTRICT- - DISTRICT FINANCIAL INFORMATION - Existing Debt Obligations."

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Bonds and the District's other outstanding general obligation bonds, there is other debt issued by entities within the jurisdiction of 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 of debt service on the Bonds. Such taxes, when collected, will be deposited into the Debt Service Fund for the Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the applicable series of 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 school district or community college 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 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, 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

As described herein under the heading "APPLICATION OF BOND PROCEEDS - Debt Service Fund," the County Treasurer will establish a Debt Service Fund for the Bonds. All taxes levied by the County for the payment 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 the receipt. The Debt Service Fund is pledged for the payment 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 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

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the 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 obligation of the County.

[Remainder of page intentionally left blank]

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. 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. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property", a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the 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.

CENTRAL UNIFIED SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 2004-05 to 2017-18

Fiscal Year	Local Secured And Utility	Unsecured	Total	Percent Change
2004-05	$2,447,128,097	$52,484,122	$2,499,612,219	--
2005-06	2,839,767,750	54,077,419	2,893,845,169	15.8%
2006-07	3,446,026,954	59,196,204	3,505,223,158	21.1
2007-08	4,183,620,228	66,730,959	4,250,351,187	21.3
2008-09	4,155,582,250	62,488,584	4,218,070,834	(0.8)
2009-10	3,793,583,011	79,192,983	3,872,775,994	(8.2)
2010-11	3,821,238,009	69,531,004	3,890,769,013	0.5
2011-12	3,774,033,929	69,525,643	3,843,559,572	(1.2)
2012-13	3,665,538,188	67,717,620	3,733,255,808	(2.9)
2013-14	3,897,078,841	64,997,772	3,962,076,613	6.1
2014-15	4,201,139,063	63,708,156	4,264,847,219	7.6
2015-16	4,462,366,818	70,409,688	4,532,776,506	6.3
2016-17	4,776,034,095	72,168,825	4,848,202,920	7.0
2017-18	5,022,560,097	89,519,092	5,113,448,771	5.5

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. Within the last month, Governor Jerry Brown, has declared states of emergency due to fires in Lake, Mendocino, Napa, Mariposa, Riverside, Shasta, San Bernardino, Santa Barbara, San Diego, and Siskiyou Counties. Related flooding and mudslides also occurred in January 2018, as a result of the fires in 2017. 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 Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2017-18.

CENTRAL UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2017-18

-Cal Muni on order-

Non-Residential:	2017-18 Assessed Valuation [1]	% of Total	No. of Parcels	% of Total

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

Assessed Valuation of Single Family Residential Parcels. Shown below is the assessed valuation of single family homes in the District in 2017-18.

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

-Cal Muni on order-

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

Reassessments and Appeals of Assessed Value

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

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

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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

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

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

Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area (TRA 5-568) during fiscal years 2013-14 through 2017-18.

CENTRAL UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
(TRA 5-568)[(1)]
Fiscal Years 2013-14 through 2017-18

-Cal Muni on order-

	2013-14	2014-15	2015-16	2016-17	2017-18
General Tax Rate					
Total Tax Rate					

Source: California Municipal Statistics, Inc.

Teeter Plan

The County operates under provision of Revenue and Taxation Code Section 4701-4716 (commonly referred to as the "**Teeter Plan**") pursuant to which public agencies in the County may receive their total secured tax levies and special assessments irrespective of actual collections and delinquencies. Pursuant to said provisions, the County establishes a delinquency reserve and assumes responsibility for all secured delinquencies.

Because of the method of tax collection, the District is assured of 100% collection of its total secured tax levy with respect to the Bonds. However, the District is no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is, however, subject to future discontinuance if demanded by the participating entities or by the County if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, 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.

Major Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2016-17. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

CENTRAL UNIFIED SCHOOL DISTRICT
Largest 2017-18 Local Secured Taxpayers

-Cal Muni on order-

(1) 2017-18 local secured assessed valuation: $_________.
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 _______ 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.

CENTRAL UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of _______ 1, 2018)

-Cal Muni on order-

____
(1) Excludes the Bonds.
(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 qualified for municipal bond insurance for the Bonds, and will make a determination upon the sale of the Bonds as to whether to obtain such insurance.

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 approving legal opinion of Bond Counsel 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, Dale Scott & Company Inc., as financial advisor to the District, and Kutak Rock LLP, Denver, Colorado, as Underwriter's Counsel, 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 is June 30), 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 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 in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations." In the previous five years, the District failed to file its audited financial statements for fiscal years ending 2012, 2014 and 2015 in a timely manner and failed to timely file notices of insured and underlying rating changes, and notices of failure to file were not made. In addition, the District's annual report for fiscal year ended June 30, 2012 was timely filed but not linked to its General Obligation Bonds, Election of 2008, Series B issue. The District has since made remedial filings where appropriate.

The District has engaged Dale Scott & Company, Inc. to serve as its dissemination agent with respect to its prior undertakings and the undertaking in connection with the Bonds.

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. Such rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement). There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such 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 purchase price equal to $_____, which is equal to the initial principal amount of the Bonds of $______, plus net original issue premium of $_______, less an Underwriter's discount of $______. The purchase contract 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 securities 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 Financial Advisor and following delivery of the Bonds will be on file at the offices of the Paying Agent in Seattle, Washington.

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.

EXECUTION

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

CENTRAL UNIFIED SCHOOL DISTRICT

By: ____
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION FOR THE CENTRAL UNIFIED SCHOOL DISTRICT

GENERAL DISTRICT 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 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. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

General Information

The District was formed in 1982 and encompasses approximately 88 square miles of territory in the western portion of Fresno County (the "**County**"). The District serves a portion of the City of Fresno (the "**City**") and other areas of the County by providing K-12 education for students in those areas, as well as adult and alternative education programs. Currently the District operates 1 preschool, 14 elementary schools, three middle schools, one high school (with two campuses), one continuation high school, one community day schools, one alternative school and one adult school.

Administration

The District is governed by a seven member Board of Trustees, each member of which is elected to a four-year term. The management and policies of the District are administered by a Superintendent and a staff that provides business, pupil, personnel, administrative and instructional support services. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

BOARD OF TRUSTEES
Central Unified School District

Name	Position	Term Expires
Cesar Granda	President	December 2018
Ruben Corondao	Vice President	December 2018
Rama Dawar	Clerk	December 2018
Richard Atkins	Member	December 2018
Phillip Cervantes	Member	December 2020
Terry Cox	Member	December 2020
Richard Solis	Member	December 2020

Superintendent and Administrative Personnel. The Superintendent of the District is appointed by the Board of Trustees and reports to the Board of Trustees. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other key District administrators.

Following are certain members of the senior management of the District:

Name	Title
Andrew Alvarado	Superintendent
Kelly Porterfield	Assistant Superintendent Executive Services, CBO
Ketti Davis	Assistant Superintendent, Chief Academic Officer
Jack Kelejian	Assistant Superintendent, Human Resources

Recent Enrollment Trends

The following table shows recent enrollment history for the District with projections for fiscal year 2018-19.

ANNUAL ENROLLMENT
Fiscal Years 2009-10 through 2018-19†
Central Unified School District

School Year	Enrollment	% Change
2009-10	14,547	--
2010-11	14,817	1.9%
2011-12	14,896	0.5
2012-13	15,262	2.5
2013-14	15,490	1.5
2014-15	15,584	0.6
2015-16	15,717	0.9
2016-17	15,772	0.3
2017-18*	15,892	0.8
2018-19†	16,183	1.8

*Estimated Actuals
†Projections
Source: The District.

There are no charter schools currently operating in the District and no charter applications are pending.

Employee Relations

The District has approximately 826.7 certificated and 547.4 classified full-time equivalent employees. Two unions represent District employees. The following table identifies the current status of the contracts with the bargaining units. The District has not experienced any recent work disputes with employees or any work-related disruptions.

BARGAINING UNITS
Central Unified School District

Bargaining Unit	Type of Employees Covered	Current Contract Expiration Date
Central Unified Teachers Association	Certificated	June 30, 2019
California School Employees' Association	Classified	June 30, 2019

Source: Central 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 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 average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues.

The fiscal year 2013-14 State budget (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 are eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

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

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

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

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

The LCFF was implemented for fiscal year 2013-14 and 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.

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 Crowe Horwath LLP, Certified Public Accountants, and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Business Manager of the District, Central Unified School District, 4605 N. Polk Avenue, Fresno, California 93722; telephone (559) 274-4700. 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. The District may impose a charge for copying, mailing and handling.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District's general fund, its primary operating fund which accounts for all revenues and expenditures of the District not encompassed in other funds, for the fiscal years 2012-13 through 2016-17.

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

	Audited 2012-13	Audited 2013-2014	Audited 2014-15	Audited 2015-16	Audited 2016-17
Revenues					
Revenue Limit Sources/LCFF[2]	$77,513,782	$97,186,153	$111,241,772	$128,674,139	$137,756,305
Federal Revenue	7,691,537	7,071,395	7,185,689	7,955,423	8,560,770
Other State Revenue	15,626,870	7,494,044	9,473,785	17,621,388	13,309,520
Other Local Revenue	6,395,416	7,506,165	8,533,191	9,430,163	9,350,894
Total Revenues	107,227,605	119,257,757	136,434,437	163,681,113	168,977,489
Expenditures					
Current:					
Certificated salaries	52,403,534	53,954,162	58,742,905	62,569,215	69,592,425
Classified salaries	15,979,451	16,997,037	18,612,191	19,748,379	21,582,468
Employee benefits	23,724,697	23,606,817	29,866,403	33,178,090	36,565,027
Books and supplies	4,836,100	7,114,725	7,799,005	6,948,786	7,864,356
Contract services and operating expenditures	10,578,510	12,031,152	13,810,608	14,850,515	15,227,134
Other outgo	300,746	917,191	1,381,971	962,716	1,519,389
Debt service:					
Principal retirement	290,000	1,723,698	2,918,003	3,397,703	5,246,794
Interest	75,120	1,181,727	1,286,864	1,181,611	663,771
Capital outlay	2,221,952	11,681,786	5,044,757	2,915,524	21,301,296
Total Expenditures	110,410,110	129,208,295	139,462,707	145,752,539	179,562,660
Deficiency of revenues under expenditures	(3,182,505)	(9,950,538)	(3,028,270)	17,928,574	(10,585,171)
Other Financing Sources (Uses)					
Operating transfers in	316,495	1,504,582	469,403	436,396	460,141
Operating transfers out	(13,144)	(1,118,312)	--	(2,874,546)	(2,679,500)
Proceeds from capital leases	--	1,663,549	3,619,899	--	4,400,442
Proceeds from the sale of land building	--	--	7,200	--	--
Proceeds from Qualified Zone Academy Bonds	--	6,825,000	--	--	10,295,000
Total Other Financing Sources (Uses)	303,351	8,874,819	4,096,502	(2,438,150)	12,476,083
Net Change in Fund Balance	(2,879,154)	(1,075,719)	1,068,232	15,490,424	1,890,912
Fund Balance, July 1	24,887,465	22,008,311	20,932,592	22,000,824	37,491,248
Fund Balance, June 30	$22,008,311	$20,932,592	$22,000,824	$37,491,248	$39,382,160

(1) Totals may not add due to rounding.
(2) Education funding transitioned from revenue limit funding to funding under LCFF commencing in fiscal year 2013-14.
Source: Central Unified School District Audited Financial Statements.

District Budget and Interim Financial Reporting

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

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the 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 Trustees and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

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

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent 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. The District has not received any qualified or negative certifications of its financial reports for the past five years, nor have any of its budgets been disapproved. The District's most recent interim report, the Second Interim for fiscal year 2017-18, received a positive certification by the Board of Trustees.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 4605 N. Polk Avenue, Fresno, California 93722; telephone (559) 274-4700. The District may impose a charge for copying, mailing and handling.

[Remainder of page intentionally left blank.]

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

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Year 2017-18 Estimated Actuals and Fiscal Year 2018-19 Adopted Budget[(1)]
Central Unified School District

Revenues	**2017-18 Estimated Actuals**	**2018-19 Adopted Budget**
LCFF Sources	$143,158,300	$156,455,828
Federal revenues	10,334,510	9,089,042
Other state revenues	12,140,072	13,832,832
Other local revenues	8,952,553	6,359,202
Total Revenues	174,585,435	185,736,904
Expenditures		
Certificated salaries	73,908,929	74,382,341
Classified salaries	23,248,076	23,802,686
Employee benefits	41,616,183	45,534,919
Books and supplies	11,476,053	10,014,900
Contract services & operating exp.	16,448,011	14,974,583
Capital outlay	6,720,321	1,310,937
Other outgo (excluding indirect costs)	7,590,687	6,788,254
Other outgo – transfers of indirect costs	(657,768)	(354,443)
Total expenditures	180,350,493	176,454,178
Excess of revenues over/(under) expenditures	(5,765,057)	(9,282,726)
Other financing sources (Uses)		
Operating transfers in	--	--
Operating transfers out	2,709,124	6,673,161
Other sources	1,448,858	--
Total other financing sources (uses)	(1,260,267)	(6,673,161)
Net change in fund balance	(7,025,324)	2,609,564
Fund balance, July 1[(2)]	39,382,160	32,356,836
Fund balance, June 30	$32,356,836	$34,966,401

(1) Totals may not add due to rounding.
(2) First interim projections beginning balance does not correspond directly with audited financing ending balances shown in the previous table, because the audited financials include in the ending balance all governmental funds, including reserves, which the unaudited actuals, budget, and interim reports account for those funds separately.
Source: Central Unified School District First Interim Report for Fiscal Year 2016-17.

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.

Attendance - LCFF Funding Trends

Funding Trends. 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 for the District for fiscal year 2013-14 through 2018-19 (Projected).

AVERAGE DAILY ATTENDANCE AND STATE FUNDING UNDER LCFF
Fiscal Years 2013-14 thru 2018-19*
Central Unified School District

Fiscal Year	ADA	Total LCFF Funding
2013-14	14,924	$97,186,153
2014-15	14,968	111,241,772
2015-16	15,148	128,674,139
2016-17	15,157	137,756,305
2017-18*	15,163	143,158,300
2018-19†	15,499	156,455,828

* Estimated Actuals
† Projected
Source: Central Unified School District.

Unduplicated Student Count. The District has an unduplicated target student count for purposes of additional funding under LCFF exceeding 55%, at approximately 67%, and as a result receives both supplemental and concentration grant funding.

Revenue Sources

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

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

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

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

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

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

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

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

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

District Retirement Programs

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 was required to reflected a restatement of its beginning net position as of July 1, 2014. See "APPENDIX B - CENTRAL UNIFIED SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTSFOR FISCAL YEAR 2016-17."

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 EMPLOYER CONTRIBUTIONS
Fiscal Years 2011-12 through 2018-19
Central Unified School District

Fiscal Year	Amount
2011-12	$4,214,539
2012-13	4,307,515
2013-14	4,426,032
2014-15	5,224,489
2015-16	6,639,904
2016-17	8,617,505
2017-18*	14,407,420
2018-19†	15,902,305

*Estimated Actuals
† Budgeted.
Source: Central 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 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 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 EMPLOYER CONTRIBUTIONS
Fiscal Years 2011-12 through 2018-19
Central Unified School District

Fiscal Year	Amount
2011-12	$1,724,832
2012-13	1,853,762
2013-14	1,884,570
2014-15	2,171,718
2015-16	2,334,850
2016-17	2,979,364
2017-18*	3,142,015
2018-19†	3,843,736

*Estimated Actuals
†Budgeted.
Source: Central 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 addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, will be implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

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

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2020-21(1)

Fiscal Year	Employer Contribution Rate(2)
2019-20	20.800%
2020-21	23.500

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

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

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 9 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 District administers a single-employer defined benefit healthcare plan (the "**Plan**") and provides post employment medical, drug, dental and vision insurance coverage, as prescribed in various employee labor agreements and plan documents, to retirees meeting eligibility requirements. Eligible employees retiring from the District may become eligible for these benefits when requirements are met.

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"**). GASB 45 requires local government employers who provide OPEB as part of the compensation offered to employees to recognize the expense and related liabilities and assets in their financial statements.

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 accrued liabilities (**"UAAL"**) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

OPEB COMPONENTS FOR FISCAL YEAR 2016-17
Central Unified School District

Annual required contribution	$3,327,791
Interest on net OPEB obligation	447,666
Adjustment to annual required contribution	(761,317)
Annual OPEB cost (expense)	3,014,140
Contributions made	(1,756,057)
Increase in net OPEB obligation	1,258,083
Net OPEB obligation, beginning of year	14,922,185
Net OPEB obligation, end of year	$16,180,268

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

Trend Information. The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$3,011,412	41.2%	$13,211,647
June 30, 2016	2,955,326	42.1	14,922,185
June 30, 2017	3,014,140	58.3	16,180,268

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

OPEB Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

As of July 1, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $41,292,980, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability ("**UAAL**") of $41,292,980. The covered payroll (annual payroll of active employees covered by the Plan) was $78,541,181, and the ratio of the UAAL to the covered payroll was 52.6%. The OPEB plan is currently operated as a pay-as-you-go plan.

Actuarial Methods and Assumptions. As described in the District's 2016-17 Audit (Note 10), projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. 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, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.00% investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan on the valuation date. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, is 30 years.

Insurance

The District is a member of the California Risk Management Authority I (property and liability coverage), California Risk Management Authority II (workers compensation) and Schools Project for Utility Rate Reduction. The relationships between the District and the joint powers authorities are such that they are not component units of the District for financial reporting purposes.

Existing Debt Obligations

General Obligation Bonds. The District has voter-approved general obligation bonds and refunding bonds outstanding which have been issued pursuant to the authority obtained from voters at elections in past years, which are secured by *ad valorem* property taxes levied and collected in the District as described below.

CENTRAL UNIFIED SCHOOL DISTRICT
Schedule of Long Term General Obligation Debt(1)

Issue	Date Issued	Final Maturity Date	Original Amount	Amount Outstanding August 1, 2018
2008 Authorization				
Series A	February 2009	August 1, 2019	$35,999,923.60	
Series B	January 2013	August 1, 2042	12,999,861.60	
Series C	July 2014	July 1, 2044	7,497,870.60	
Series D	March 2017	August 1, 2030	4,500,000.00	
2016 Reauthorization				
Series A	March 2017	August 1, 2047	$25,000,000.00	
Refunding Bonds				
2014 Refunding	June 2014	July 1, 2029	$22,665,000.00	
2014 Refunding Series B	December 2014	August 1, 2031	12,495,000.00	
2016 Refunding Bonds	June 2016	August 1, 2032	34,380,000.00	
Totals	--	--		

(1) Does not include debt secured by the District's general fund.

As described in this Official Statement, the District received voter authorization at an election held in the District on November 8, 2016 to issue $87,300,000 principal amount of general obligation bonds (the **"2016 Bond Reauthorization"**). The 2016 Bond Reauthorization reauthorized unissued bonded indebtedness issued pursuant to the 2008 Bond Authorization. As part of the 2016 Bond Reauthorization proceedings, the District has covenanted that upon the issuance of bonds pursuant to the 2016 Bond Reauthorization, it will cancel a like principal amount of unissued 2008 Bond Authorization.

Certificates of Participation. The District has undertaken long-term lease financings and refinancings in the form of certificates of participation (**"COPs"**) for the purpose of obtaining financing for various capital projects in the District, which are secured by lease payments payable from the District's general fund, as summarized in the following table.

CENTRAL UNIFIED SCHOOL DISTRICT
Schedule of Long Term General Fund Debt(1)

Issue	Date Issued	Final Maturity Date	Original Amount	Amount Outstanding September 1, 2018
2007 COPs	2007	2028	$20,350,000	
2016 COPs Refunding*	2016	2027	13,668,513	
Totals	--	--	**$34,018,513**	

*Refinanced 2003 and 2004 COPs, and partially refinanced 2007 COPs. Private placement with CoBiz Public Finance, Inc.

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 - FRESNO COUNTY INVESTMENT POLICY AND INVESTMENT REPORT" herein.

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 "—State Funding of Education – Revenue Limits" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

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

[Remainder of page intentionally left blank.]

STATE FUNDING OF EDUCATION;
RECENT STATE BUDGETS

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. 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 is funding under the LCFF, which is 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 entitlement.

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

The 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 County, nor the Underwriter are responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

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

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

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

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

Recent State Budgets

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

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

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

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

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

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2016-17 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 6, 2012 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.

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

2016-17 Adopted State Budget

On June 27, 2016, the Governor signed the 2016-17 State Budget (the "**2016-17 State Budget**") into law. The 2016-17 State Budget package calls for $122.5 billion in general fund spending and $44.6 billion in special fund spending, along with $3.6 billion in bond spending. The 2016-17 State Budget includes more money for higher education, repeals a cap on welfare payments, raises rates for child care providers and puts an additional $3.3 billion into the State's rainy-day reserve, including an optional $2 billion shift to protect against a future economic downturn. The 2016-17 State Budget establishes a multiyear plan that is balanced and that, among other items, provides for the following:

- contributions to both state budget reserves: the Special Fund for Economic Uncertainties, the state's discretionary reserve, and the Budget Stabilization Account, the state's constitutional rainy day fund, raising such reserves to $6.7 billion;

- an increase in funding for K-12 schools of more than $2.9 billion (representing an increase of 5.4% over the LCFF funding level for fiscal year 2014-15 and bringing the LCFF level implementation to 96% complete);

- an increase of more than $1.3 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion (for activities such as deferred maintenance, professional development, induction for beginning teachers, instructional materials, technology, and the implementation of new educational standards);

- a $1.6 billion early education block grant by combining three existing programs to promote local flexibility, focusing on disadvantaged students and improved accountability;

- $807 million for statewide deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals, and other state facilities;

- a $3.1 billion cap-and-trade expenditure plan to reduce greenhouse gas emissions;

- over $2 billion in funds for various infrastructure improvements, $688 million for critical deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals, and other state facilities;

- a $1.2 billion pay-down of debt and liabilities from Proposition 2 funds; and

- $710 million to pay for the costs of wildfires and for other effects of the drought.

2017-18 Proposed State Budget

On January 10, 2017, the Governor released his proposed State Budget for fiscal year 2017-18 (the **"2017-18 Proposed Budget"**). The 2017-18 Proposed Budget includes $177.1 billion in general fund and special fund spending, and identifies a budget deficit of $2 billion. Proposals included to address the deficit include proposed reductions in planned spending. The 2017-18 Proposed Budget indicates that since the signing of the 2016-17 State Budget, State revenues have been lower than previously forecast in five out of the seven past months, and revenues attributed to wage growth have been less than expected. Notwithstanding these variables, State revenues are expected to grow 3% in the coming year. Proposed actions to bring the budget into balance include adjusting the Proposition 98 minimum guarantee on education funding to avoid over-appropriation, and eliminate the authority contained in the 2016-17 State Budget for various one-time spending that remains uncommitted, largely with respect to eliminating the $400 million set-aside for affordable housing that was never allocated and a $300 million transfer to modernize State office buildings planned for 2017-18. The Governor is required to release a May Revision to his proposed budget by May 14 of each year. It is expected that the May Revision will reduce or eliminate proposed cuts in spending if revenues recover in the coming months.

Availability of 2016-17 State Budget and 2017-18 Proposed Budget

The complete 2016-17 State Budget and the 2017-18 Proposed Budget are available from the California Department of Finance website at www.dof.ca.gov. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated in this Official Statement by such reference. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

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 changing revenues and expenditures. 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.

Disclaimer Regarding State Budgets

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

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in recent years, and is likely to be further challenged in the future. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "- State Funding of Education" and "-Recent State Budgets" above.

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, 187 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, and (iii) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The Bonds described herein are issued pursuant to the authority described in the preceding clause (iii). 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 from ad valorem taxes 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% 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

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $340,000 but less than $408,000 for head of household filers and over $500,000 but less than $600,000 for joint filers), (ii) 2% for taxable income over $300,000 but less than $500,000 for single filers (over $408,000 but less than $680,000 for head of household filers and over $600,000 but less than $1,000,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for head of household filers and over $1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

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

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 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.

APPENDIX B

CENTRAL UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2016-17

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF FRESNO AND FRESNO COUNTY

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

General

The City. The District is located in the City in the heart of California's San Joaquin Valley, which is predominantly an agriculturally based economy, but is promoting business growth through the expansion of industrial development and through partnerships with Fresno County, the I-5 Business Development Corridor, the Economic Development Corporation serving Fresno County and the Regional Jobs Initiative.

***The County**.* The County is California's fifth-largest county as measured by area, 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.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is a melon-producing area, which lies within the Mendota Unified School District. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in the Central Valley and is a hub of transportation facilities connecting the Central Valley to all parts of the country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Routes 180 and 145 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

Population

The most recent estimate of the County's population at January 1, 2018 was 1,007,229 persons according to the State Department of Finance. The City, with an estimated 2018 population of 538,330 persons, is the largest city in the County. The table below shows population estimates for the cities in the County for the last five years.

FRESNO COUNTY
Population Estimates
Calendar Years 2014 through 2018

	2014	**2015**	**2016**	**2017**	**2018**
Clovis	102,442	105,220	107,958	110,532	113,883
Coalinga	16,383	16,484	16,654	16,987	16,791
Firebaugh	7,951	8,101	8,095	8,047	8,112
Fowler	5,777	5,841	5,918	6,092	6,241
Fresno	**519,157**	**524,938**	**529,552**	**533,670**	**538,330**
Huron	6,867	6,895	7,009	7,274	7,302
Kerman	14,354	14,423	14,507	14,743	15,083
Kingsburg	11,809	11,959	12,025	12,215	12,392
Mendota	11,409	11,418	11,560	11,704	12,051
Orange Cove	9,196	9,117	9,141	9,279	9,469
Parlier	14,755	14,815	15,112	15,283	15,493
Reedley	25,286	25,875	25,935	26,023	26,390
Sanger	24,912	25,286	25,878	26,249	26,648
San Joaquin	4,056	4,068	4,076	4,095	4,119
Selma	166,301	166,576	166,829	168,455	170,183
Balance of County	166,576	166,829	168,455	170,183	166,576
Fresno County Total	964,611	975,043	984,537	995,233	1,007,229

Source: State Department of Finance, Demographic Research.

Employment and Industry

The District is included in the Fresno Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the County was 7.2% in July 2018, down from a revised 7.6% in June 2018, and below the year-ago estimate of 8.1%. This compares with an unadjusted unemployment rate of 4.4% for California and 4.1% for the nation during the same period.

The table below provides information about employment by industry type for the County for calendar years 2013 through 2017.

FRESNO MSA
(Fresno County)
Annual Average Civilian Labor Force, Employment and Unemployment, Unemployment by Industry
(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) Columns may not sum to totals due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the top employers in the City of Fresno, in order of greatest number of employees.

CITY OF FRESNO
Principal Employers

Employer Name	Number of Employees
Fresno Unified School District	10,552
County of Fresno	6,530
Community Regional Medical Center	5,863
Internal Revenue Service	4,040
City of Fresno	3,575
Saint Agnes Medical Center	2,812
California State University, Fresno	2,542
Kaiser Permanente Medical Center	2,200
State Center Community College District	1,702
Central Unified School District	1,302

Source: City of Fresno Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

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

COUNTY OF FRESNO
Major Employers (Listed Alphabetically)
As of August 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.

Construction Activity

Provided below are the building permits and valuations for the City and the County for calendar years 2013 through 2017.

CITY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2013-2017

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$316,274.9	$169,849.3	$238,651.6	$276,052.9	$197,698.0
New Multi-family	38,251.7	26,415.8	15,082.3	44,086.9	86,389.9
Res. Alterations/Additions	13,673.3	12,067.7	13,111.8	15,092.0	6,607.6
Total Residential	368,199.9	208,332.8	266,845.7	335,231.8	290,695.5
New Commercial	84,573.3	47,263.0	92,814.7	107,282.6	129,169.0
New Industrial	16,564.2	11,858.2	3,820.0	11,567.3	7,677.2
New Other	37,704.0	24,327.3	13,408.9	37,567.1	17,154.0
Com. Alterations/Additions	53,879.5	41,309.9	66,047.6	57,936.8	38,877.3
Total Nonresidential	192,721.0	124,758.4	176,091.2	214,353.8	192,877.5
New Dwelling Units					
Single Family	1,161	584	835	925	680
Multiple Family	453	363	161	249	787
TOTAL	1,614	947	996	1,174	1,467

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF FRESNO
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2013-2017

	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.

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, County, the State and the United States for the period 2013 through 2017.

FRESNO COUNTY, THE STATE OF CALIFORNIA
AND THE UNITED STATES
Median Household Effective Buying Income
2013 through 2017

	2013	**2014**	**2015**	**2016**	**2017**
City of Fresno	$36,272	$35,613	$37,934	$41,237	$41,203
County of Fresno	38,382	38,000	40,819	41,237	44,641
State	48,340	50,072	53,589	55,681	59,646
United States	43,715	45,448	46,738	48,043	50,735

Source: The Nielsen Company (US), Inc.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Figures are not yet available for calendar year 2017.

Total taxable sales during the calendar year 2016 in the City were reported to be $7,625,682,530, a 2.69% increase over the total taxable sales of $7,426,270,571 reported during the calendar year 2015.

CITY OF FRESNO
Annual Taxable Transactions, 2012-2016
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	7,021	$5,199,262	10,781	$6,695,043
2013	6,724	5,352,056	10,230	6,947,119
2014	6,883	5,562,107	10,363	7,265,939
2015(1)	7,285	5,668,560	11,457	7,426,271
2016	7,417	5,881,289	11,674	7,625,683

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 during the calendar year of 2016 in the County were reported to be $14,073,246,251, a 0.05% decrease from the total taxable sales of $14,080,799,795 reported during the calendar year of 2015.

COUNTY OF FRESNO
Annual Taxable Transactions, 2012-2016
Number of Permits and Valuation of Taxable Transactions
(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	9,247,617	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).

APPENDIX D

PROPOSED FORMS OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

_________, 2018

Board of Trustees
Central Unified School District
4605 N. Polk Avenue
Fresno, California 93722

OPINION: $___________ Central Unified School District
(Fresno County, California)
General Obligation Bonds, 2016 Election, Series B
(GO Reauthorization Bonds®)

Members of the Board of Trustees:

We have acted as bond counsel to the Central Unified School District (the "District") in connection with the issuance by the District of $___________ principal amount of Central Unified School District (Fresno County, California) General Obligation Bonds, 2016 Election, Series B (GO Reauthorization Bonds®) (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and a resolution of the Board adopted on September 25, 2018 (the "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 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 Resolution and the Bonds.

2. The Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District.

3. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of Fresno County is obligated under the laws of the State of California to cause to be levied a tax without

limit as to rate or amount upon all taxable property in the District which is subject to taxation for the payment when due of the principal of and interest on the Bonds.

4. 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 which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the documents relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the 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

$____________
CENTRAL UNIFIED SCHOOL DISTRICT
(Fresno County, California)
General Obligation Bonds
2016 Election, Series B
(GO Reauthorization Bonds®)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Central Unified School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on September 25, 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 Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" 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 June 30th), or March 31.

"*Dissemination Agent*" means the Dale Scott & Company, Inc., or any third party 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, Seattle, Washington, or any successor thereto.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated, the original purchaser 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 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 shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice 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, such information with respect to the then-current fiscal year:

(i) total assessed value of taxable property in the District;

(ii) top twenty secured property taxpayers and their respective secured property assessed values;

(iii) property tax levies, collections and delinquencies, but only if the District's general obligation bond collections are not included 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 approved Budget or interim report showing budgeted figures, which is available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material 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. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner as described in (b) below:

(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. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(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 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. 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

CENTRAL UNIFIED SCHOOL DISTRICT

By: ______________________________

Name: _________________________________

Title: __________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Central Unified School District (the “District”)
Name of Bond Issue:	Central Unified School District General Obligation Bonds, 2016 Election, Series B
Name of Bond Issue:	Central Unified School District General Obligation Bonds, 2016 Election, Series B (GO Reauthorization Bonds®)
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 December 5, 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 POLICY AND INVESTMENT REPORT