

2015-2914

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Refunding Certificates 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 imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earning. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS".*

**\$14,370,000**  
**2016 REFUNDING CERTIFICATES OF PARTICIPATION**  
**Evidencing the Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Lease Payments to be Made by the**  
**WESTMINSTER SCHOOL DISTRICT**  
**to Westminster School District Financing Corporation**

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

**Purposes.** The captioned refunding certificates of participation (the "Refunding Certificates") are being executed and delivered to (a) provide funds to refinance an outstanding lease obligation of the Westminster School District (the "District"), and (b) pay certain costs of executing and delivering the Refunding Certificates, including, but not limited to, the premiums to acquire certificate insurance and a reserve fund surety to be credited to the Reserve Fund (described herein). See "REFINANCING PLAN" herein.

**Security.** The Refunding Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the District for the use and occupancy of certain real property and improvements under a Lease Agreement, dated as of March 1, 2016 (the "Lease Agreement"), between the District and the Westminster School District Financing Corporation, a California nonprofit public benefit corporation (the "Corporation"). The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement described herein regarding abatement and defeasance. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Refunding Certificates. The Refunding Certificates will be secured under a Trust Agreement dated as of March 1, 2016, among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the "Trustee"). Under an Assignment Agreement dated as of March 1, 2016, between the Corporation and the Trustee, the Lease Payments will be irrevocably assigned to the Trustee for the benefit of the Owners of the Refunding Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES." See also "RISK FACTORS."

**Interest.** Interest represented by the Refunding Certificates will be payable on June 1 and December 1 of each year, commencing June 1, 2016. See "THE REFUNDING CERTIFICATES."

**Book-Entry Only.** When executed and delivered, the Refunding Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Refunding Certificates. Ownership interests in the Refunding Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Refunding Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. See "THE REFUNDING CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

**Payments.** Principal, premium, if any, and interest due with respect to the Refunding Certificates will be paid by the Trustee to DTC, which will in turn remit those payments to its participants for subsequent disbursement to the beneficial owners of the Refunding Certificates as described in this Official Statement. See "THE REFUNDING CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

**Prepayment.** *The Refunding Certificates are subject to optional prepayment and mandatory prepayment from net proceeds of insurance or condemnation prior to their maturity. See "THE REFUNDING CERTIFICATES – Prepayment."*

**Limited Obligation.** NEITHER THE REFUNDING CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES."

**Certificate Insurance.** The scheduled payment of principal and interest on the Refunding Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Refunding Certificates by Build America Mutual Assurance Company (the "Certificate Insurer"). The Certificate Insurer will also issue a reserve fund surety policy concurrently with the delivery of the Refunding Certificates to be credited to the Reserve Fund. See "CERTIFICATE INSURANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES - Reserve Fund."




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**MATURITY SCHEDULE**  
(See inside cover)

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This cover page contains information for quick reference only. It is not a summary of all the provisions of the Refunding Certificates. Investors must read the entire official statement to obtain information essential in making an informed investment decision. See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Refunding Certificates.

*The Refunding Certificates are offered when, as and if executed and delivered, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter. It is anticipated that the Refunding Certificates will be available for delivery to DTC in New York, New York, on or about March 31, 2016.*

**RAYMOND JAMES**

## MATURITY SCHEDULE

Maturity Date (December 1)	Principal Amount	Coupon	Reoffering Yield	Price	CUSIP <sup>†</sup>
2016	\$695,000	2.000%	0.530%	100.976%	960622 AX6
2017	540,000	3.000	0.720	103.769	960622 AY4
2018	555,000	3.000	0.910	105.493	960622 AZ1
2019	575,000	4.000	1.080	110.468	960622 BA5
2020	595,000	4.000	1.260	112.378	960622 BB3
2021	620,000	4.000	1.520	113.414	960622 BC1
2022	640,000	4.000	1.740	114.165	960622 BD9
2023	670,000	5.000	1.950	121.619	960622 BE7
2024	700,000	5.000	2.120	122.688	960622 BF4
2025	740,000	5.000	2.290	123.377	960622 BG2
2026	770,000	4.000	2.460	113.174 c	960622 BH0
2027	805,000	4.000	2.630	111.624 c	960622 BJ6
2028	835,000	4.000	2.770	110.365 c	960622 BK3
2029	870,000	3.000	3.020	99.774	960622 BL1
2030	895,000	3.000	3.080	99.059	960622 BM9
2031	925,000	3.000	3.110	98.641	960622 BN7
2032	950,000	3.000	3.170	97.809	960622 BP2
2033	980,000	3.000	3.220	97.050	960622 BQ0
2034	1,010,000	3.125	3.270	97.983	960622 BR8

*c Priced to first par call on December 1, 2025.*

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

**WESTMINSTER SCHOOL DISTRICT  
ORANGE COUNTY  
STATE OF CALIFORNIA**

**BOARD OF TRUSTEES**

Jamison Power, *President*  
Penny Loomer, *Vice President*  
Khanh Nguyen, *Clerk*  
Mary Mangold, *Member*  
Amy Walsh, *Member*

**DISTRICT ADMINISTRATION**

Marian Kim-Phelps, Ed.D., *Superintendent*  
Tony Wold, Ed.D., *Assistant Superintendent, Business Services*

**PROFESSIONAL SERVICES**

**FINANCIAL ADVISOR**

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

**BOND AND DISCLOSURE COUNSEL**

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

**UNDERWRITER'S COUNSEL**

Norton Rose Fulbright US LLP  
*Los Angeles, California*

**TRUSTEE**

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

**ESCROW AGENT**

Wells Fargo Bank, National Association  
*Los Angeles, California*

**VERIFICATION AGENT**

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

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the sale of the Refunding Certificates 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 Certificate owner and the District or the Underwriter.

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

**No Unlawful Offers or Solicitations.** This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Refunding Certificates 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 over allot or take other steps that stabilize or maintain the market prices of the Refunding Certificates 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 Refunding Certificates 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 Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement, the Escrow Agreement 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 Refunding Certificates 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 Refunding Certificates have not been registered or qualified under the securities laws of any state.

**Effective Date.** This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Refunding Certificates will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Corporation, 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 Refunding Certificates.

**Certificate Insurer Disclaimer.** Build America Mutual Assurance Company (the "Certificate Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Certificate Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Certificate Insurer, supplied by the Certificate Insurer and presented under the heading "Certificate Insurance" and "Appendix H – Specimen Municipal Bond Insurance Policy".

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## OFFICIAL STATEMENT

**\$14,370,000**

### **2016 REFUNDING CERTIFICATES OF PARTICIPATION**

Evidencing the Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
**WESTMINSTER SCHOOL DISTRICT**  
to Westminster School District Financing Corporation

## INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (collectively, the “**Official Statement**”), provides certain information concerning the sale and delivery of the refunding certificates of participation captioned above (the “**Refunding Certificates**”), which evidence the direct, undivided fractional interests of the Owners thereof in lease payments (the “**Lease Payments**”) to be made by the Westminster School District (the “**District**”) pursuant to a Lease Agreement, dated as of March 1, 2016 (the “**Lease Agreement**”), by and between the District and the Westminster School District Financing Corporation (the “**Corporation**”).

All capitalized terms used in this Official Statement but not otherwise defined have the meanings set forth in the Trust Agreement (defined below) or the Lease Agreement. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

**Use of Proceeds.** The net proceeds of the sale of the Refunding Certificates will be used for the following purposes:

- (i) to provide funds to refinance all of the District’s lease payment obligations in connection with its outstanding Westminster School District Refunding Certificates of Participation Series A of 2006 (the “**2006 Certificates**”),
- (ii) to pay certain costs incurred in connection with the execution and delivery of the Refunding Certificates, which include, but are not limited to, the payment of premiums to obtain a certificate insurance policy to be issued by Build America Mutual Assurance Company (the “**Certificate Insurer**”) concurrently with the delivery of the Refunding Certificates (the “**Certificate Insurance Policy**”) and a reserve fund surety policy to be issued by the Certificate Insurer currently with the delivery of the Refunding Certificates (the “**Reserve Policy**”).

See “REFINANCING PLAN.”

**Security and Sources of Payment.** The Refunding Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the “**Owners**”) thereof in the Lease Payments to be made by the District for the right to use certain real property and improvements consisting of the Anderson Elementary School, Jessie Hayden Elementary School, Johnson Middle School and Finley Elementary School Property (collectively, the “**Site**”), to be leased by the District from the Corporation under the Lease Agreement. The Site and all improvements thereon as of the date the Refunding Certificates are delivered as hereinafter referred to as the “**Leased Property**.”

The District and the Corporation will enter into a Site Lease, dated as of March 1, 2016 (the “**Site Lease**”). Under the Site Lease, the District (as owner of the Leased Property) will lease the Leased Property to the Corporation. Concurrently, the District and the Corporation will enter into the Lease Agreement, under which the District will sublease the Leased Property back from the Corporation.

The Refunding Certificates will be executed and delivered under a Trust Agreement dated as of March 1, 2016 (the “**Trust Agreement**”), among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the “**Trustee**”).

The Trustee and the Corporation will enter into an Assignment Agreement dated as of March 1, 2016 (the “**Assignment Agreement**”), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation’s right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES.”

**LIMITED OBLIGATION.** NEITHER THE REFUNDING CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES.”

**Covenant to Appropriate; Abatement.** The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Refunding Certificates. See “SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES.”

However, the Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the District’s right to use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated



under the Lease Agreement, and are not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Refunding Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Refunding Certificates (as described below), Lease Payments (or a portion thereof) may be made from those sources during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES – Abatement" and "RISK FACTORS."

The obligation of the District to make the Lease Payments does not constitute a debt of the District, or of the State or of any of its political subdivisions within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State is obligated to levy or pledge any form of taxation or for which the District or the State has levied or pledged any form of taxation.

**Certificate Insurance; Reserve Policy.** Concurrently with the issuance of the Refunding Certificates, the Certificate Insurer will issue the Certificate Insurance Policy for the Refunding Certificates. The Certificate Insurance Policy guarantees the scheduled payment of principal of and interest on the Refunding Certificates when due as set forth in the form of the Certificate Insurance Policy included as Appendix H to this Official Statement.

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

Concurrently with the issuance of the Refunding Certificates, the Certificate Insurer will also issue the Reserve Policy to be credited to the Reserve Fund.

See "CERTIFICATE INSURANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES - Reserve Fund."

**Summaries of Documents.** The summaries or references to the Site Lease, the Trust Agreement, the Lease Agreement, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Refunding Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute.

*[Remainder of page intentionally left blank.]*

## REFINANCING PLAN

The 2006 Certificates being refunded with proceeds of the Refunding Certificates are more particularly described in the following table.

### WESTMINSTER SCHOOL DISTRICT Identification of 2006 Certificates

#### Westminster School District Refunding Certificates of Participation Series A of 2006

Maturities to be Prepaid	CUSIP†	Principal Amount Prepaid	Prepayment Date	Prepayment Price (% of Par Amount Prepaid)
12/01/16*	960622 AK4	\$500,000	12/01/16	n/a
12/01/17	960622 AL2	520,000	12/01/16	100.0%
12/01/18	960622 AM0	540,000	12/01/16	100.0
12/01/19	960622 AN8	565,000	12/01/16	100.0
12/01/20	960622 AP3	590,000	12/01/16	100.0
12/01/21	960622 AQ1	615,000	12/01/16	100.0
12/01/22	960622 AR9	640,000	12/01/16	100.0
12/01/23	960622 AS7	670,000	12/01/16	100.0
12/01/24	960622 AT5	700,000	12/01/16	100.0
12/01/25	960622 AU2	735,000	12/01/16	100.0
12/01/26	960622 AV0	765,000	12/01/16	100.0
12/01/34 <sup>T</sup>	960622 AW8	7,590,000	12/01/16	100.0
TOTAL		\$14,430,000		

† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies, Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.

\*Payment of maturing principal from escrow; not prepaid.

T: Term Certificate.

**Escrow Fund.** In order to accomplish the refunding of the 2006 Certificates, the District will enter into an Escrow Agreement with Wells Fargo Bank, National Association, as escrow agent for the 2006 Certificates (the "**2006 Certificates Escrow Agent**"), under which a portion of the proceeds of the Refunding Certificates will be deposited with the 2006 Certificates Escrow Agent into an irrevocable escrow fund (the "**Escrow Fund**"), upon the closing of the Refunding Certificates. Amounts on deposit in the Escrow Fund will be invested in certain federal securities, or held in cash, to be applied to the payment and prepayment of the 2006 Certificates in accordance with the foregoing table.

Sufficiency of the amounts and investments held in the Escrow Fund for the purpose of paying the principal of and interest and redemption price of the 2006 Refunded Certificates will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the "**Verification Agent**"). See "ESCROW VERIFICATION" herein. As a result of the deposit of funds with the 2006 Certificates Escrow Agent on the date of delivery of the Refunding Certificates, the 2006 Certificates will be legally defeased and will be payable solely from amounts held for that purpose under the 2006 Certificates Escrow Agreement, and will cease to be payable from lease payments made in connection with the 2006 Certificates.

## SOURCES AND USES OF FUNDS

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

### **Sources of Funds**

Principal Amount of Certificates	\$14,370,000.00
Plus Net Original Issue Premium	<u>1,030,443.60</u>
<b>Total Sources</b>	<b>\$15,400,443.60</b>

### **Uses of Funds**

2006 Certificates Escrow Fund	\$15,043,648.11
Delivery Costs <sup>(1)</sup>	<u>356,795.49</u>
<b>Total Uses</b>	<b>\$15,400,443.60</b>

*(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Special Counsel, Disclosure Counsel, Financial Advisor, Trustee, Escrow Agent, Verification Agent, Certificate Insurance and Reserve Policy premiums, the rating agencies and certain other costs.*

## THE LEASED PROPERTY

### Description and Location

Lease Payments will be made by the District under the Lease Agreement for the use and possession of the Leased Property. The Leased Property consists of the real property and improvements of Anderson Elementary School, Jessie Hayden Elementary School, Johnson Middle School and Finley Elementary School.

	<b><u>Anderson Elementary</u></b>	<b><u>Finley Elementary</u></b>	<b><u>Jessie Hayden Elementary</u></b>	<b><u>Johnson Middle</u></b>
Year Built	1962	1957	1961	1959
Year Renovated	2001	2001	2001	2000
Insured Value	\$10,967,380	\$9,584,180	\$11,288,890	\$14,720,290
Land Size (Acres)	10	10	9.59	16.5
Location	Garden Grove	Westminster	Midway City	Westminster
Grades Served	K-6th	K-5th	K-5th	6th-8th

### Fair Rental Value

The Lease Agreement provides that the Lease Payments payable in a Fiscal Year will constitute the total rental for the Leased Property for that Fiscal Year, and will be paid by the District in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Fiscal Year.

The Corporation and the District have agreed and determined in the Lease Agreement that the total Lease Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, other obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the District and the general public.

### Substitution

The Lease Agreement provides that, upon compliance with certain conditions specified therein, the District may substitute alternate real property for all or any portion of the Leased Property or to release a portion of the Leased Property from the Lease Agreement. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

## THE CORPORATION

The Westminster School District Financing Corporation is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California. At the request of the District, the Corporation was formed in October 2003. The Corporation was formed for the specific and primary purpose of rendering assistance to the District by, among other methods, acquiring, leasing, construction or financing various public facilities, land, equipment and other improvements and property for the use, benefit and enjoyment of the public. The board of trustees of the Corporation approved participation in the refinancing plan and the Corporation's participation in the execution and delivery of the Refunding Certificates at a special meeting held on January 21, 2016.

## THE REFUNDING CERTIFICATES

### Certificate Terms

**General.** The Refunding Certificates evidence and represent direct, fractional undivided interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the District pursuant to the Lease Agreement.

The Refunding Certificates are dated the date of original delivery thereof and will be executed and delivered, without coupons, in denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The interest components evidenced by the Refunding Certificates will be due and payable semiannually on June 1 and December 1 of each year (each a “**Payment Date**”), commencing June 1, 2016.

Each Certificate shall be dated as of the date of its execution, and interest represented thereby shall be payable from the Payment Date next preceding the date of execution thereof, (a) unless it is executed following the close of business on the fifteenth day of the month preceding each Payment Date, whether or not such fifteenth day is a Business Day (a “**Record Date**”) and on or before the next succeeding Payment Date, in which event interest represented thereby shall be payable from such Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the day when the Refunding Certificates, duly executed by the Trustee, are delivered to the Underwriter; *provided, however,* that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Lease Payments evidenced by the Refunding Certificates will be payable no later than the fifteenth day preceding each Payment Date (in the event that any payment due under the Lease Agreement is due on a day which is not a Business Day, such payment shall be made on the next Business Day), the principal components of which will evidence interest components calculated at the rates per annum, all as set forth on the front inside cover page of this Official Statement.

### Prepayment

**Optional Prepayment.** The Refunding Certificates maturing on or before December 1, 2025 are not subject to optional prepayment. The Refunding Certificates maturing on or after December 1, 2026, are subject to optional prepayment in whole, or in part among maturities on a pro rata basis and by lot within a maturity, on any date on or after December 1, 2025, from prepayments of the Lease Payments made at the option of the District pursuant to the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid together with accrued interest represented thereby to the date fixed for prepayment, without premium.

**Mandatory Prepayment from Net Proceeds.** The Refunding Certificates are subject to mandatory prepayment on any date, in whole, or in part among maturities on a pro rata basis and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement, at a prepayment price equal to 100% of the principal amount of Certificates to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium, pursuant to the following provisions:

- a. From the Net Proceeds of any insurance award resulting from damage to or destruction of all or a substantial portion of the Leased Property and deposited by the Trustee in the Lease Payment Fund in the event that the District certifies to the Trustee that replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the District and directing that the Net Proceeds are to be used to prepay Certificates; provided, however, that no such prepayment will occur unless such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments; or
- b. From the Net Proceeds of a condemnation award resulting from eminent domain proceedings deposited by the Trustee in the Lease Payment Fund in the event (i) less than all of the Leased Property, shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and the District certifies to the Trustee that such eminent domain proceedings have materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property shall have been taken in such eminent domain proceedings.

See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES – Insurance and Condemnation Fund; Application of Net Proceeds."

**Purchase In Lieu of Prepayment.** In lieu of prepayment of Certificates as described above, amounts held by the Trustee for such prepayment shall, at the written request of the District Representative received by the Trustee prior to selection of Certificates for prepayment, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment as described above shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment.

**Notice of Prepayment.** When prepayment is authorized or required pursuant to Trust Agreement, the Trustee shall give notice of the prepayment of the Refunding Certificates on behalf and at the expense of the District. Such notice shall state the prepayment date and prepayment price and, if less than all of the then Outstanding Certificates are of a maturity to be called for prepayment, shall designate the numbers of the Refunding Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Refunding Certificates of one or more maturities have been called for prepayment, shall state the CUSIP numbers of the Refunding Certificates called for prepayment and shall require that

such Certificates be surrendered on the prepayment date at the Office of the Trustee for prepayment at said prepayment price, giving notice also that further interest represented by the Refunding Certificates will not accrue from and after the prepayment date. Such notice shall further state that on the prepayment date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date.

Notice of such prepayment shall be mailed by first class mail with postage prepaid, to one or more of the Information Services, and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least thirty days but not more than sixty days prior to the prepayment date. In addition, notice of prepayment shall be given by telecopy or certified, registered or overnight mail to each of the Securities Depositories concurrently with such mailing to the Certificate Owners. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be prepaid; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

The District may make any notice of prepayment conditional, and may rescind any optional prepayment of the Certificates, and notice relating thereto, for any reason on any date prior to the date fixed for such prepayment by causing written notice of the rescission to be given to the owners of the Certificates so called for prepayment. Notice of rescission of prepayment shall be given in the same manner in which the prepayment notice was originally given.

**While the Refunding Certificates are subject to the book-entry system, the Trustee will not be required to give any notice of prepayment to any person or entity other than DTC and to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and at the District's written direction, other securities depositories and information services. DTC and the DTC Participants shall have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Refunding Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "Effect of Prepayment."**

***Selection of Certificates.*** Whenever provision is made in this Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates of any maturity are called for prepayment, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the District in writing of the Refunding Certificates or portions thereof so selected for prepayment.

***Effect of Prepayment.*** Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Office of the Trustee, said Certificates shall be paid at the unpaid

principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Refunding Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Refunding Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Refunding Certificates so to be prepaid. All Certificates paid at maturity or prepaid prior to maturity shall be cancelled upon surrender thereof and destroyed

### **Book-Entry Only System**

The Refunding Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Refunding Certificates (the “**Beneficial Owners**”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Refunding Certificates. See “APPENDIX F – Book-Entry Only System.” If the book-entry-only system is no longer used with respect to the Refunding Certificates, the Refunding Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

### **Transfer and Exchange of Certificates**

While the Refunding Certificates are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – Book-Entry Only System.” During any period in which the Refunding Certificates are not subject to DTC’s book-entry system, their exchange and transfer will be governed by provisions of the Trust Agreement summarized in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”



## LEASE PAYMENT SCHEDULE

Following is the schedule of Interest Payment Dates with respect to the Refunding Certificates. Under the Lease Agreement, Lease Payments are due the 15th calendar day of the month immediately preceding each Interest Payment Date.

Date	Principal Component	Interest Component	Total Payments
June 1, 2016	\$ -	\$ 87,435.45	\$ 87,435.45
December 1, 2016	695,000.00	258,006.25	953,006.25
June 1, 2017	-	251,056.25	251,056.25
December 1, 2017	540,000.00	251,056.25	791,056.25
June 1, 2018	-	242,956.25	242,956.25
December 1, 2018	555,000.00	242,956.25	797,956.25
April 1, 2019	-	234,631.25	234,631.25
December 1, 2019	575,000.00	234,631.25	809,631.25
June 1, 2020	-	223,131.25	223,131.25
December 1, 2020	595,000.00	223,131.25	818,131.25
June 1, 2021	-	211,231.25	211,231.25
December 1, 2021	620,000.00	211,231.25	831,231.25
June 1, 2022	-	198,831.25	198,831.25
December 1, 2022	640,000.00	198,831.25	838,831.25
June 1, 2023	-	186,031.25	186,031.25
December 1, 2023	670,000.00	186,031.25	856,031.25
June 1, 2024	-	169,281.25	169,281.25
December 1, 2024	700,000.00	169,281.25	869,281.25
June 1, 2025	-	151,781.25	151,781.25
December 1, 2025	740,000.00	151,781.25	891,781.25
June 1, 2026	-	133,281.25	133,281.25
December 1, 2026	770,000.00	133,281.25	903,281.25
June 1, 2027	-	117,881.25	117,881.25
December 1, 2027	805,000.00	117,881.25	922,881.25
June 1, 2028	-	101,781.25	101,781.25
December 1, 2028	835,000.00	101,781.25	936,781.25
June 1, 2029	-	85,081.25	85,081.25
December 1, 2029	870,000.00	85,081.25	955,081.25
June 1, 2030	-	72,031.25	72,031.25
December 1, 2030	895,000.00	72,031.25	967,031.25
June 1, 2031	-	58,606.25	58,606.25
December 1, 2031	925,000.00	58,606.25	983,606.25
June 1, 2032	-	44,731.25	44,731.25
December 1, 2032	950,000.00	44,731.25	994,731.25
June 1, 2033	-	30,481.25	30,481.25
December 1, 2033	980,000.00	30,481.25	1,010,481.25
June 1, 2034	-	15,781.25	15,781.25
December 1, 2034	1,010,000.00	15,781.25	1,025,781.25
Totals	\$14,370,000.00	\$5,402,616.70	\$19,772,616.70

## **SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES**

### **Nature of the Refunding Certificates**

**General.** Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payment due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of delivery to its principal payment date or prepayment date, as the case may be.

**Assignment of Rights in Lease to Trustee.** The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the District; except that the Corporation will retain certain rights under the Lease Agreement (including the rights to Additional Rental Payments, repayment of advances, indemnification and payment of attorneys' fees). The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "– Lease Payments" below.

### **Lease Payments**

**General.** For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to make Lease Payments. To secure the payment of the Lease Payments, the District is required to pay to the Trustee, for deposit into the Lease Payment Fund established and maintained by the Trustee, on the fifteenth day before each Payment Date, an amount sufficient to pay the Lease Payment then due.

Pursuant to the Trust Agreement, the Trustee shall withdraw moneys from the Lease Payment Fund on each Payment Date in amounts which equal the Lease Payment due on such Payment Date and shall cause all sums withdrawn from the Lease Payment Fund to be deposited in the Certificate Payment Account, and shall cause the same to be applied to the payment of principal and interest evidenced by the Refunding Certificates due on such Payment Date.

Scheduled Lease Payments relating to the Refunding Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

**Additional Rent.** The Lease Agreement requires the District to pay, as additional rent ("**Additional Rental Payments**") thereunder in addition to the Lease Payments, all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee, all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement and all other amounts due to the Trustee pursuant to the Trust Agreement and all costs and expenses of attorneys, auditors, engineers and accountants, and all amounts required to repay draws on the Reserve Policy.

**Covenant to Appropriate Funds.** The District covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budget. The Lease Agreement provides that it shall be the duty of each

and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform such covenant.

See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - The Lease Agreement - Lease Payments; Abatement.”

### **Abatement**

Lease Payments will be paid by the District in each rental period for the District's right to use and occupy the Leased Property for such rental period. The obligation of the District to pay Lease Payments will be abated, proportionately, during any period in which, by reason of damage or destruction, or taking in eminent domain or any defect in title to the Leased Property, there is substantial interference with the use and possession of the Leased Property by the District. The Lease Agreement provides that the amount of such abatement shall be determined by the District such that the resulting Lease Payments represent the fair consideration for the use and possession of the portion of the Leased Property not damaged or destroyed or taken; provided, however, that such abatement shall not result so long as moneys in the Lease Payment Fund and the Reserve Account and Net Proceeds of insurance and rental interruption insurance and condemnation awards are sufficient to make Lease Payments when and as due.

Such abatement will continue for the period commencing with such damage or destruction or taking and ending with the substantial completion of the work of repair or reconstruction; and the term of the Lease Agreement shall be extended as provided in the Lease Agreement, except that the term of the Lease Agreement will in no event be extended more than ten years beyond the termination date. Abatement of Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. In the event of any such partial damage or destruction or taking, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage or destruction or taking. For information regarding rental interruption insurance, see “ – Covenant to Maintain Property Insurance” below.

The Trustee cannot terminate the Lease Agreement solely on the basis of such substantial interference. Abatement of Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. For a description of abatement resulting from condemnation of all or part of the Leased Property, see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Lease Payments; Abatement.”

### **Limited Obligation**

THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, THE CORPORATION OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT, THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT, THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

**Termination or Abatement Due to Eminent Domain.** Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement will cease with respect thereto as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property, calculated in accordance with the Lease Agreement.

However, there will be no abatement of Lease Payments to the extent that amounts in the Reserve Fund, insurance proceeds and eminent domain proceeds are available to pay Lease Payments that would otherwise be abated under this provision, and such proceeds and amounts will constitute a special fund for the payment of the Lease Payments.

### **Lease Payment Fund**

**Establishment.** Under the Trust Agreement the Trustee will establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund will be held by the Trustee in trust for the benefit of the District and the Owners of the Refunding Certificates.

So long as any Certificates are Outstanding, neither the District nor the Corporation will have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys will be used and applied by the Trustee as set forth in the Trust Agreement.

**Deposits.** All Lease Payments received by the Trustee will be deposited in the Lease Payment Fund.

**Application of Moneys.** All amounts in the Lease Payment Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Refunding Certificates as they become due and payable, in accordance with the Trust Agreement.

**Lease Payment Fund; Surplus.** Any surplus remaining in the Lease Payment Fund after prepayment and payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, will be withdrawn by the Trustee and remitted to the District.

### **Action on Default**

If the District defaults under the Lease Agreement, the Trustee, as assignee of the Corporation's rights under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the District, or may retain the Lease Agreement and hold the

District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See “RISK FACTORS.”

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

### **Reserve Fund**

A reserve fund (the “**Reserve Fund**”) is established by the Trust Agreement and is required to be funded in an amount, as of the date of calculation, equal to the least of (a) 10% of the original principal amount of the 2016 Refunding Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to the Lease Agreement) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments (the “**Reserve Requirement**”). The Reserve Fund is required to be maintained until all Lease Payments are paid in full pursuant to the Lease Agreement and until the first date upon which the Refunding Certificates are no longer Outstanding.

The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund moneys, a letter of credit, a bond insurance policy, or any other comparable credit facility issued by an insurance company satisfying the requirements of the Trust Agreement. Amounts available in the Reserve Fund, including amounts available pursuant to the Reserve Fund Surety will be used to make delinquent Lease Payments in accordance with the Trust Agreement. As described herein, the Reserve Requirement will be satisfied by the credit to the Reserve Fund of the Reserve Policy issued by the Certificate Insurer. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS” for a further description of the application of funds in the Reserve Fund.

### **Covenant to Maintain Property Insurance**

The Lease Agreement requires the District to cause to be maintained insurance against loss or damage to the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. The Lease Agreement provides that said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke, sprinkler damage, boiler explosion and such other hazards as are normally covered by such insurance (*but excluding earthquake and flood*). The Lease Agreement provides that said insurance shall be in an amount equal to the full insurable value (without deduction for depreciation) of all structures constituting any part of the Leased Property, except that such insurance may be subject to a deductible clause of not to exceed \$100,000; provided, however, the Lease Agreement provides that in no event shall such insurance be maintained in an aggregate amount (together with moneys in the Reserve Fund) less than the aggregate principal amount of Certificates Outstanding at the time. The Lease Agreement provides that such insurance may be maintained in the form of self insurance by the District, in compliance with the terms of the Lease Agreement.

The Lease Agreement also requires the District to cause to be maintained rental interruption insurance to cover loss, total or partial, of the use of the Leased Property as the result of any of the hazards covered in the insurance required by the Lease Agreement, as described above, in an amount sufficient to pay the total Lease Payments under the Lease

Agreement for a period of 24 months (using the two highest annual Lease Payments during the Term).

The District is also required to obtain certain public liability and property damage insurance coverage in protection of the Corporation and the District and worker's compensation insurance as described under "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

The District is required under the Lease Agreement to obtain title insurance on the Leased Property, in the aggregate amount of not less than the aggregate principal amount of the Refunding Certificates, subject only to Permitted Encumbrances, as defined in the Lease Agreement.

### **Insurance and Condemnation Fund; Application of Net Proceeds**

The Lease Agreement requires that Net Proceeds of any insurance or condemnation award with respect to the Leased Property (other than proceeds of rental interruption insurance, which are required to be deposited into the Lease Payment Fund) be paid to the Trustee to be applied as provided in the Trust Agreement. The Trust Agreement provides that such Net Proceeds received by the Trustee shall be deposited in the Insurance and Condemnation Fund and shall be applied by the Trustee as follows:

***Application of Net Proceeds of Insurance.*** The Trust Agreement provides that if the District determines and notifies the Trustee in writing of its determination, within ninety days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the District, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments pursuant to the Lease Agreement and the corresponding prepayment of Certificates pursuant to the Trust Agreement. In the event of damage or destruction of the Leased Property in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments. See "THE REFUNDING CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

The Trust Agreement further provides that all Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after the District shall file a written certificate with the Trustee stating that such work has been completed shall be paid to the District.

***Application of Net Proceeds of Condemnation Award.*** The Trust Agreement provides that, if the District files a certificate with the Trustee stating that such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its obligations under the Lease Agreement, and that the

District has determined that such Net Proceeds related thereto are needed for the repair or rehabilitation of the Leased Property, the Trustee shall pay to the District or to its order, from said Net Proceeds, such amounts as the District may expend for such repair or rehabilitation, upon receipt of notice by the Trustee of the District Representative of such determination stating the name and address of the person, firm or corporation to whom payment is due, the amount to be paid and that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation..

The Trust Agreement provides that, if (i) less than all of the Leased Property, shall have been taken in eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Leased Property, or the ability of the District to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the corresponding prepayment of Certificates in the manner provided in the Trust Agreement. See "THE REFUNDING CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

The Trust Agreement further provides that, if the District has given written notice to the Trustee of its determination that (i) eminent domain proceedings have not materially affected the interest of the District in the Leased Property, or the ability of the District to meet any of its financial obligations under the Lease, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the District has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as the same become due and payable. See "THE REFUNDING CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

## CERTIFICATE INSURANCE

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

### **Certificate Insurance Policy**

Concurrently with the issuance of the Refunding Certificates, the Certificate Insurer will issue its Certificate Insurance Policy. The Certificate Insurance Policy guarantees the scheduled payment of principal of and interest on the Refunding Certificates when due as set forth in the form of the Certificate Insurance Policy included as an appendix to this Official Statement.

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

### **Build America Mutual Assurance Company**

The Certificate Insurer is a New York domiciled mutual insurance corporation. The Certificate Insurer provides credit enhancement products solely to issuers in the U.S. public finance markets. The Certificate Insurer will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of the Certificate Insurer is liable for the obligations of the Certificate Insurer.

The address of the principal executive offices of the Certificate Insurer is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

The Certificate Insurer is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

The Certificate Insurer's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of the Certificate Insurer should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of the Certificate Insurer and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of the Certificate Insurer in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Refunding Certificates. The Certificate Insurer only guarantees scheduled principal and scheduled interest payments payable by District on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Certificate Insurance Policy), and the Certificate Insurer does not guarantee the market price or liquidity of the Refunding Certificates,



nor does it guarantee that the rating on the Refunding Certificates will not be revised or withdrawn.

**Capitalization of the Certificate Insurer.** The Certificate Insurer's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2015 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$479.6 million, \$42.3 million and \$437.3 million, respectively.

The Certificate Insurer is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by the Certificate Insurer, subject to certain limitations and restrictions.

The Certificate Insurer's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on the Certificate Insurer's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to the Certificate Insurer at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

***Additional Information Available from the Certificate Insurer.***

Credit Insights Videos. For certain Certificate Insurer-insured issues, the Certificate Insurer produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors the Certificate Insurer's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on the Certificate Insurer's website at [buildamerica.com/creditsights/](http://buildamerica.com/creditsights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of certificates that the Certificate Insurer has been selected to insure, the Certificate Insurer may prepare a pre-sale Credit Profile for those certificates. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes certificates insured by the Certificate Insurer, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. The Certificate Insurer pre-sale and final Credit Profiles are easily accessible on the Certificate Insurer's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). The Certificate Insurer will produce a Credit Profile for all certificates insured by the Certificate Insurer, whether or not a pre-sale Credit Profile has been prepared for such certificates. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and the Certificate Insurer assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by the Certificate Insurer; they have not been reviewed or approved by the District or the Underwriter, and the District and the Underwriter assume no responsibility for their content.

The Certificate Insurer receives compensation (an insurance premium) for the insurance that it is providing with respect to the Refunding Certificates. Neither the Certificate Insurer nor any affiliate of the Certificate Insurer has purchased, or committed to purchase, any of the Refunding Certificates, whether at the initial offering or otherwise.

## THE DISTRICT

### General Information

The District was established in 1872 and serves various communities in Orange County (the “**County**”), including the cities of Garden Grove, Huntington Beach, Midway City and Westminster. The District currently operates 13 elementary schools, three middle schools, one child development school and a special programs center. Student enrollment at the District is currently estimated to be approximately 9,448 students.

### Administration

**Board of Trustees.** The District is governed by a seven-member Board of Trustees, with each member elected to a four-year term in alternate slates of three and four. Current members of the Board of Trustees, together with their office and the date their current term expires, are listed below.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jamison Power	President	November 2016
Penny Loomer	Vice-President	November 2018
Khanh Nguyen	Clerk	November 2018
Mary Mangold	Member	November 2018
Amy Walsh	Member	November 2016

**Superintendent and Administrative Personnel.** The day-to-day operations are managed by a board-appointed Superintendent. Information regarding the Superintendent is as follows:

**Dr. Marian Kim-Phelps, Superintendent:** Dr. Marian Kim-Phelps was appointed Superintendent of the District on November 14, 2013 and began her tenure on November 18, 2013. Dr. Marian Kim-Phelps has worked as a teacher, vice principal, principal, and an area superintendent at both elementary and secondary levels for the previous 23 years in the San Diego Unified School District. She has served as site administrator for over ten years, an area superintendent for the last four years. For ten years she has served as a district mentor and coach for new and aspiring administrators, and has presented and led numerous professional development conferences for the district and various community leaders. Dr. Kim-Phelps was named the 2013 Central Office Administrator of the Year by the Association of California School Administrators (“**ACSA**”) Region 18. She was also awarded the 2009 and 2010 ACSA national Distinguished Principal Finalist Award from the State of California.

## Employee Relations

The District has 503.0 full time equivalent certificated employees (“FTE”) and 395.8 classified FTEs. The certificated employees of the District are represented by one bargaining unit and the classified employees of the District are represented by another bargaining unit, as set forth in the following table.

### BARGAINING UNITS Westminster School District

Employee Group	Representation	Number of Employees Represented	Contract Expiration Date
Certificated	Westminster Teachers Association	503.0	June 30, 2016
Classified	California Schools Employee Association	395.8	June 30, 2017

Source: *The District.*

## Recent Enrollment Trends

The following table shows enrollment and average daily attendance history for the District since fiscal year 2009-10 with estimates for fiscal year 2015-16 and 2016-17.

### ANNUAL ENROLLMENT AND AVERAGE DAILY ATTENDANCE Fiscal Years 2009-10 through 2016-17 Westminster School District

School Year	Enrollment	Percent Change	ADA	Percent Change
2009-10	9,772	--	9,455	--
2010-11	9,725	(0.5%)	9,472	0.2%
2011-12	9,636	(0.9)	9,431	(0.4)
2012-13	9,620	(0.2)	9,382	(0.5)
2013-14	9,720	1.0	9,556	1.9
2014-15	9,503	(2.2)	9,311	(2.6)
2015-16 <sup>†</sup>	9,448	(0.6)	9,253	(0.6)
2016-17 <sup>†</sup>	9,405	(0.5)	9,211	(0.5)

<sup>†</sup>Projection.

Source: *The District.*

## Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Northern Orange Liability and Property Self-Insurance Authority, a joint powers authority, for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

For fiscal year 2015, the District participated in the Northern Orange County Self-Funded Workers’ Compensation Insurance Agency (the “Agency”), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The Workers’ compensation

experience of participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's criteria.

The District has contracted with Self-Insured Schools of California ("**SISC III**"), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pool comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

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## DISTRICT FINANCIAL INFORMATION

### Education Funding Generally

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

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

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

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is \$2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 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 will be 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.

Based on revenue projections, districts will reach what is referred to as "full funding" in fiscal year 2020-21. This projection assumes that the State's economy will improve each year; if the economy falters it could take longer to reach full funding.

The target LCFF amounts for State school districts and charter schools based on grade levels and Targeted Students is shown below.

### **Grade Span Funding at Full LCFF Implementation (Target Amount)**

<b>Grade Span</b>	<b>Base Grant<sup>(1)</sup></b>	<b>K-3 Class Size Reduction and 9-12 Adjustments</b>	<b>Average Assuming 0% Targeted Students</b>	<b>Average Assuming 25% Targeted Students</b>	<b>Average Assuming 50% Targeted Students</b>	<b>Average Assuming 100% Targeted Students</b>
K-3	\$6,845	\$712	\$7,557	\$7,935	\$8,313	\$10,769
4-6	6,947	N/A	6,947	7,294	7,642	9,899
7-8	7,154	N/A	7,154	7,512	7,869	10,194
9-12	8,289	\$216	8,505	8,930	9,355	12,119

(1) Does not include adjustments for cost of living.  
 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 fiscal year 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

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

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the 2013-14 State Budget created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under 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.

## 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 Audited Financial Statements for the fiscal year ending fiscal year 2014-15 were prepared by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Rancho Cucamonga, California. Audited financial statements for the District for the fiscal year ended June 30, 2015, and prior fiscal years are on file with the District and available for public inspection at the Superintendent’s Office. See Appendix B hereto for the 2014-15 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District has not requested nor did the District obtain permission from Vavrinek, Trine, Day & Co., LLP to include the audited financial statements as an appendix to this Official Statement. Accordingly, Vavrinek, Trine, Day & Co., LLP has not performed any post-audit review of the financial condition or operations of the District.



**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 for the fiscal years 2010-11 through 2014-15.

**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**Fiscal Years 2010-11 through 2014-15 (Audited)**  
**Westminster School District**

	Audited 2010-11	Audited 2011-12	Audited 2012-13	Audited 2013-14	Audited 2014-15
<u>Revenues</u>					
Total Revenue Limit/LCFF Sources <sup>(1)</sup>	\$48,405,782	\$48,506,493	\$48,548,851	\$62,495,969	\$70,680,577
Federal Revenues	9,098,722	7,605,606	6,278,075	5,203,223	5,856,613
Other State revenues	14,331,582	15,226,229	15,668,517	8,390,801	6,611,547
Other local revenues	6,079,253	6,047,969	5,700,291	6,103,034	6,174,868
Total Revenues	77,915,339	77,386,297	76,195,734	82,193,027	89,323,605
<u>Expenditures</u>					
Instruction	53,813,839	55,181,770	55,205,847	55,655,244	61,705,256
Instruction-related services:					
Supervision of instruction	1,903,712	2,086,977	2,978,766	2,917,125	4,044,585
Library, media and technology	593,691	619,069	579,322	518,438	569,600
School site administration	5,046,811	5,086,064	4,948,712	5,052,538	4,859,566
Pupil services:					
Home-to-school transportation	1,156,350	1,173,199	1,140,448	1,045,331	1,150,653
Food services	--	--	--	--	--
All other pupil services	2,086,466	2,475,615	2,480,028	2,461,021	2,969,363
General administration:					
Data processing services	825,028	825,513	813,682	908,110	1,530,015
All other general administration	3,088,307	3,105,341	3,148,973	3,129,518	3,184,882
Plant services	5,395,213	5,494,941	5,727,141	5,927,572	6,732,899
Facilities acquisition and maintenance	--	--	2,550	--	37,737
Community services	1,349,300	1,365,449	1,362,873	1,382,419	1,368,743
Other outgo	649,054	773,660	738,064	868,692	799,012
Debt service: principal <sup>(2)</sup>	--	--	--	--	--
Debt service: interest <sup>(2)</sup>	--	--	--	--	--
Total Expenditures	75,907,771	78,187,598	79,126,406	79,866,008	88,952,311
Excess of Revenues Over/(Under) Expenditures	2,007,568	(801,301)	(2,930,672)	2,327,019	371,294
<u>Other Financing Sources (Uses)</u>					
Operating Transfers in	427,365	427,365	427,365	427,365	427,365
Other sources	--	--	--	--	--
Operating transfers out	--	--	--	--	(723,872)
Total Other Financing Sources (Uses)	427,365	427,365	427,365	427,365	(296,507)
Net change in fund balance	2,434,933	(373,936)	(2,503,307)	2,754,384	74,787
Fund Balance, July 1 <sup>(3)</sup>	13,640,075	16,075,008	15,701,072	13,197,765	15,952,149
Fund Balance, June 30	\$16,075,008	\$15,701,072	\$13,197,765	\$15,952,149	\$16,026,936

(1) LCFF commended in fiscal year 2013-14.

(2) Debt service includes early retirement incentives and other employee obligations.

(3) In fiscal year 2010-11 the general fund beginning balance was restated due to GASB No. 54 and the reclassification of the Special Reserve Fund to the General Fund because it functions effectively as an extension of the General Fund.

Source: District Audit Reports for fiscal years 2010-11 through 2014-15.

## District Budget and Interim Financial Reporting

**Budgeting - Education Code Requirements.** The District is required by provisions of the California Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“**AB 1200**”), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to California Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

**Interim Certifications Regarding Ability to Meet Financial Obligations.** Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The

county office of education 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 will be unable to meet its financial obligations for the remainder of the fiscal year or 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 subsequent two 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 following summarizes the County Office of Education's certifications of the District's interim reports during the past five years:

<b>Interim Report</b>	<b>Certification Assigned</b>
1 <sup>st</sup> Interim 2010-11	Qualified
2 <sup>nd</sup> Interim 2010-11	Qualified
1 <sup>st</sup> Interim 2011-12	Qualified
2 <sup>nd</sup> Interim 2011-12	Qualified
1 <sup>st</sup> Interim 2012-13	Qualified
2 <sup>nd</sup> Interim 2012-13	Qualified
1 <sup>st</sup> Interim 2013-14	Positive
2 <sup>nd</sup> Interim 2013-14	Positive
1 <sup>st</sup> Interim 2014-15	Positive
2 <sup>nd</sup> Interim 2014-15	Positive

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 14121 Cedarwood Avenue, Westminster, California 92683; telephone (714) 894-7311. The District may impose charges for copying, mailing and handling.

**District's Budget Figures.** The following table shows a comparison of the Adopted Budget figures for fiscal year 2015-16, and the First Interim Report for fiscal year 2015-16.

**COMPARISON OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Fiscal Year 2015-16 (Adopted Budget and First Interim Report)  
Westminster School District**

<u>Revenues</u>	<u>Adopted Budget 2015-16</u>	<u>1<sup>st</sup> Interim Report 2015-16</u>
LCFF/ Revenue Limits Sources	\$79,548,044	\$79,613,824
Federal Revenues	5,697,094	5,558,955
Other State Revenues	3,714,072	9,653,396
Other Local Revenues	6,074,816	6,641,876
Total Revenues	95,034,026	101,468,051
 <u>Expenditures</u>		
Certificated Salaries	48,066,092	47,555,743
Classified Salaries	13,652,137	14,354,369
Employee Benefits	17,575,043	17,576,871
Books and Supplies	3,953,032	4,947,714
Contract Services & Operating Exp.	8,554,585	8,392,898
Capital Outlay	138,278	396,278
Other Outgo (excluding indirect costs)	836,643	836,643
Other Outgo – Transfers of Indirect Costs	(455,620)	(455,620)
Total Expenditures	92,320,190	93,604,896
 Excess of Revenues Over/(Under) Expenditures	 2,713,836	 7,863,155
 <u>Other Financing Sources (Uses)</u>		
Operating transfers in	--	--
Operating transfers out	(493,872)	(493,872)
Contributions	--	--
Total Other Financing Sources (Uses)	(493,872)	(493,872)
 Net change in fund balance	 2,219,964	 7,369,283
 Fund Balance, July 1	 16,026,936	 16,026,936
Fund Balance, June 30	\$18,246,900	\$23,396,219

*Source: District Fiscal Year 2015-16 First Interim Report.*

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

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.

In August of 2015, Senate Bill 799 (“**SB 799**”) was introduced into the State Senate in response to SB 858 proposing reforms to the reserve cap. SB 799 proposes a cap on unassigned reserves and special reserves for other than capital outlay of seventeen percent, with exemptions from the cap for school districts with less than 2,500 average daily attendance and basic aid districts.

The District cannot predict how SB 858 or SB 799, if enacted, will impact its reserves and future spending. As of the date hereof, SB 799 has been approved by the State Senate and is pending approval in the State Assembly.

**Attendance - LCFF Funding**

General. As described herein, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula that considered a revenue limit per 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 and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Recent Funding per ADA. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through fiscal year 2015-16 (projected).

**AVERAGE DAILY ATTENDANCE AND LCFF  
Westminster School District  
Fiscal Years 2013-14 through 2015-16 (Projected)**

<u>Fiscal Year</u>	<u>ADA</u>	<u>LCFF “Phase-In” Entitlement Per ADA<sup>(1)</sup></u>
2013-14	9,556	\$6,531
2014-15	9,311	7,415
2015-16*	9,253	8,540

(1) Represents the average funding per ADA across grade spans.

\* Projection.

Source: *The District.*

Targeted Student Enrollment. The District has a Target Student unduplicated count of approximately 80 percent in fiscal year 2015-16. As such, it qualifies for both supplemental funding and concentration funding under LCFF.

## 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 fiscal year 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. California 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 No Child Left Behind, 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 fiscal year 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 Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). Both STRS and PERS are operated on a Statewide basis. Commencing with fiscal year ended June 30, 2015, the District has implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to their audited financial statements. See "APPENDIX B - Audited Financial Statements of the District For Fiscal Year Ending June 30, 2015."

*The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

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

### **STRS EMPLOYER CONTRIBUTIONS Westminster School District Fiscal Years 2011-12 through 2015-16<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Amount</b>
2011-12	\$3,187,935
2012-13	3,183,038
2013-14	3,340,932
2014-15	3,867,432
2015-16 <sup>(1)</sup>	5,065,155

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

Source: The 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 \$72.7 billion as of June 30, 2014 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 ("**AB 1469**"), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District’s employer contribution rates for fiscal years 2014-15 and 2015-16 were 8.88% and 10.73%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

**PROJECTED EMPLOYER CONTRIBUTION RATES (STRS)  
Fiscal Years 2016-17 through 2020-21**

<b>Fiscal Year</b>	<b>Projected Employer Contribution Rate<sup>(1)</sup></b>
2016-17	12.58%
2017-18	14.43
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  
Westminster School District  
Fiscal Years 2011-12 through 2015-16<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Amount</b>
2011-12	\$964,951
2012-13	946,691
2013-14	986,669
2014-15	1,773,790
2015-16 <sup>(1)</sup>	1,612,171

(1) Projected.  
Source: The 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 \$8.7 billion as of June 30, 2014 (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 2014-15 and 2015-16 were 11.771% and 11.847%, respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2016-17 through fiscal year 2020-21 are set forth in the following table.

**PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)  
Fiscal Years 2016-17 through 2020-21<sup>(1)</sup>**

Fiscal Year	Projected Employer Contribution Rate <sup>(2)</sup>
2016-17	15.0%
2017-18	16.6
2018-19	18.2
2019-20	19.9
2020-21	20.4

(1) Rates were estimated by PERS in 2014 using 2012 financial data. 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 PEPRAs, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRAs, 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 12 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](http://www.calstrs.com) and [www.calpers.ca.gov](http://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 Healthcare Benefits**

**Other Post-Employment Benefits.** In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits ("OPEB"). GASB 45 generally requires that local governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most local governments will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

**Plan Description.** The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 41 retirees currently receiving benefits, 12 terminated Plan members entitled to but not yet receiving benefits, and 741 active Plan members.

**Funded Status and Funding Progress.** A summary of the District's OPEB obligation, based on projected pay-as-you-go financing requirements, as shown in the District's audited financial statements as of June 30, 2015, is as follows:

**OPEB FUNDING PROGRESS  
Westminster School District**

Annual required contribution	\$1,405,922
Interest on net OPEB obligation	87,952
Adjustment to ARC	<u>(127,157)</u>
Annual OPEB cost (expense)	1,366,717
Contributions for the fiscal year	<u>(558,480)</u>
Change in net OPEB obligation	808,237
Net OPEB obligation- June 30, 2014	<u>2,198,803</u>
Net OPEB obligation- June 30, 2015	\$3,007,040

The District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation were as follows:

**NET OPEB OBLIGATION  
Fiscal Years 2012-13 through 2014-15  
Westminster School District**

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB/Asset Obligation
2013	\$1,254,353	\$824,992	66%	\$1,348,806
2014	1,381,873	531,876	38	2,198,803
2015	1,366,717	558,480	41	3,007,040

**Actuarial Methods and Assumptions.** On July 1, 2013, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses), based on the plan being unfunded. Healthcare cost trend rates ranged from an initial five percent to an ultimate rate of eight percent. The cost trend rate used for the Dental and Vision programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2015, was 24 years.

For more information regarding the District's OPEB and assumptions used in the Actuarial Study, see Note 10 in the District's 2014-15 Audit in Appendix B hereto.

**Long Term District Debt**

The District has a number of issued of outstanding long term debt, including certificates of participation, general obligation bonds and lease revenue bonds. Debt which is currently outstanding is described below. The District has never defaulted on the payment of principal of or interest on any of its indebtedness.

**General Obligation Bonds.** The District has three series of general obligation bonds currently outstanding which were issued pursuant to the authority of the 2008 bond election, as summarized in the following table.

**GENERAL OBLIGATION BONDS  
Westminster School District**

<b>Dated Date</b>	<b>Series</b>	<b>Amount of Original Issue</b>	<b>Outstanding as of February 1, 2016</b>
10/08/2009	General Obligation Bonds, Election of 2008, Series 2009A-1*	\$34,995,681.30	\$31,915,012.80
03/28/2013	General Obligation Bonds, Election of 2008, Series 2013A	20,998,754.45	20,529,907.35
12/18/2013	General Obligation Bonds, Election of 2008, Series 2013B	22,324,915.50	22,134,915.50
<b>Total</b>		<b>\$78,319,351.25</b>	<b>\$74,579,835.65</b>

*\*On March 16, 2016, the District is expected to issue its 2016 Refunding General Obligations in the original principal amount of \$21,330,000 for the purpose of refunding a portion of the 2009A-1 Bonds.  
Source: The District; Financial Advisor.*

The 2008 GO Bond Authorization. The District received authorization at an election held on November 4, 2008 (the “**2008 Authorization**”) to issue \$130,000,000 principal amount of general obligation bonds.

On October 8, 2009 the District issued its \$34,995,681.30 General Obligation Bonds, Election of 2008, Series 2009A-1 (the “**Series 2009A-1 Bonds**”), currently outstanding in the aggregate principal amount of \$31,915,012.80. Certain maturities of the 2009A-1 Bonds are expected to be refunded with the proceeds of the Westminster School District 2016 General Obligation Refunding Bonds to be issued on or about March 16, 2016.

On March 28, 2013, the District issued its \$20,998,754.45 General Obligation Bonds, Election of 2008, Series 2013A (the “**Series 2013A Bonds**”) as its second series of bonds issued under the 2008 Authorization, and which are currently outstanding in the aggregate principal amount of \$20,529,907.35.

On December 18, 2013, the District its \$22,324,915.00 General Obligation Bonds, Election of 2008, Series 2013B (the “**Series 2013B Bonds**”) as its third series of bonds issued under the 2008 Authorization, and which are currently outstanding in the aggregate principal amount of \$22,134,915.50.

**Certificates of Participation.** The District currently has three issues of certificates of participation, secured by lease payments payable from its general fund, as further described below.

2003 Certificates (QZAB). In December 2003, the District, pursuant to a sublease agreement with the Corporation, issued \$5,000,000 Certificates of Participation, 2003 Series A (Qualified Zone Academy Bonds). The 2003 Series A Certificates are currently outstanding in the aggregate amount of \$5,000,000 and mature through December 2018.

2006 Refunding Certificates. In June 2006, the District issued the \$17,790,000 2006 Refunding Certificates of Participation. The 2006 Refunding Certificates are currently outstanding in the aggregate amount of \$14,430,000. As described herein, the 2006 Refunding Certificates are expected to be refunded with the proceeds of the Certificates.

2007 Certificates (QZAB). In December 2007, the District, pursuant to a sublease agreement with the Corporation issued \$2,500,000 Certificates of Participation, 2007 Series A (Qualified Zone Academy Bonds). The 2007 Series A Certificates are currently outstanding in the aggregate amount of \$2,500,000 and mature through December 2022.

**Solar Equipment Lease.** In August 2015, the District entered into an Equipment Lease/Purchase Agreement (the “**Equipment Lease**”) with Banc of America Public Capital Corp, a Kansas corporation, for the purpose of providing financing in the original principal amount of \$22,221,659 for solar equipment to be located at certain properties throughout the District. The District’s rental obligations under the Equipment Lease are payable from the District’s general fund. As of January 21, 2016, the District’s rental obligations under the Equipment Lease totaled approximately \$22,564,487.

### **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 Corporation, 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 or the Underwriter and is not incorporated herein by reference.*

- The California Department of Finance's Internet home page at [www.dof.ca.gov](http://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](http://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 2014-15 State Budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2010 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.

## **2015-16 Adopted State Budget**

On June 24, 2015, Governor Brown signed the fiscal year 2015-16 State Budget Act (the "**2015-16 State Budget**"). The 2015-16 State Budget includes approximately \$117.5 billion in State General Fund resources (including revenues, transfers and the prior year ending balance) and approximately \$115.4 billion in planned State General Fund expenditures. By the end of fiscal year 2015-16, the Budget Stabilization Account will have a total balance of \$3.5 billion. The 2015-16 State Budget includes an approximately 0.8% State General Fund spending increase from the fiscal year 2014-15 State Budget Act (the "**2014-15 State Budget**").

The 2015-16 State Budget includes Proposition 98 funding of \$68.4 billion for the fiscal year, which is approximately \$7.6 billion more in Proposition 98 funding than in the 2014-15 State Budget. When combined with increases of \$6.1 billion in fiscal years 2013-14 and 2014-15 as well as other one-time savings and adjustments in those years, the 2015-16 State Budget provides a \$14.4 billion increased investment in K-14 education.

The 2015-16 State Budget includes the following significant adjustments affecting California K-12 school districts:

- **Local Control Funding Formula** - An increase of \$6 billion Proposition 98 General Fund to continue the State's transition to the LCFF. This formula commits most new funding to districts serving English language learners, students from low-income families, and youth in foster care. This increase will close the remaining funding implementation gap by more than 51%.
- **Career Technical Education** - The 2015-16 State Budget establishes the Career Technical Education ("**CTE**") Incentive Grant Program and provides \$400 million, \$300 million, and \$200 million Proposition 98 General Fund in fiscal year 2015-16, fiscal year 2016-17, and fiscal year 2017-18, respectively, for local education agencies to establish new or expand high-quality CTE programs. School districts, county offices of education, and charter schools receiving funding under this program will be required to provide local-to-State matching funds of 1:1 in fiscal year 2015-16, 1.5:1 in fiscal year 2016-17, and 2:1 in fiscal year 2017-18. When determining grant recipients, the Department of Education and the State Board of Education will give priority to grant recipients that: (1) are establishing new programs; (2) serve a large number of English-learner, low-income, or foster youth students; (3) serve pupil groups with higher-than-average dropout rates; or (4) are located in areas of high unemployment.
- **Educator Support** - An increase of \$500 million one-time Proposition 98 General Fund for education support. Of this amount, \$490 million is for activities that promote educator quality and effectiveness, including beginning teacher and administrator support and mentoring, support for teachers who have been identified as needing improvement, and professional development that is aligned to the State academic content standards. These funds will be allocated to school

districts, county offices of education, charter schools, and State special schools in an equal amount per certificated staff and are available for expenditure over the next three years. Additionally, \$10 million is provided for the K-12 High Speed Network to provide professional development and technical assistance to local educational agencies related to network management.

- Special Education - The 2015-16 State Budget includes \$60.1 million in Proposition 98 General Fund funding (\$50.1 million ongoing and \$10 million one-time) to implement selected program changes that improve service delivery and outcomes for all disabled students, with a particular emphasis on early education.
- K-12 High Speed Internet Access - An increase of \$50 million in one-time funding to the Proposition 98 General Fund to support additional investments in internet connectivity and infrastructure. This builds on \$26.7 million in one-time Proposition 98 funding that was provided in the 2014-15 State Budget to assist local educational agencies with securing required internet connectivity and infrastructure to implement the new computer-adaptive tests administered under Common Core.
- K-12 Deferrals - The 2015-16 State Budget provides \$897 million in funding to the Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014-15 State Budget.

## **2016-17 Proposed State Budget**

**Proposed Budget.** On January 7, 2016, Governor Brown presented his proposed budget for the 2016-17 fiscal year (the “**2016-17 Proposed State Budget**”) to the State Senate and Assembly. The 2016-17 Proposed State Budget proposes 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 \$2.2 billion and \$8 billion, respectively;
- an increase in funding for K-12 schools of \$2.8 billion by raising the funding level under the LCFF to \$14,184 per pupil in fiscal year 2015-16 (representing an increase of 5.4% over the LCFF funding level for fiscal year 2014-15);
- an increase of more than \$1.2 billion in one-time discretionary general funds for school districts, charter schools and county offices of education to use at local discretion;
- 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; and
- \$710 million to pay for the costs of wildfires and for other effects of the drought.

In May 2016, Governor Brown is expected to issue the May Revision to the 2016-17 Proposed State Budget to reflect updated revenue and expenditure estimates.

**LAO Budget Overview.** On January 11, 2016, the Legislative Analyst's Office (the "LAO"), a nonpartisan State office that provides fiscal and policy information and advice to the State Legislature, released its report on the 2016-17 Proposed State Budget entitled, "The 2016-17 Budget: Overview of the Governor's Budget" (the "**2016-17 Proposed Budget Overview**"). In the 2016-17 Proposed Budget Overview, among other items, the LAO commends the State for its emphasis on increasing budget reserves. The LAO believes that this general approach is prudent and is the key to weathering the next recession with minimal disruption to public programs. Though the LAO anticipates the State's economic growth will continue in the near term, the LAO warns that the Proposition 98 minimum guarantee could decrease in fiscal year 2017-18 or future years if stock market prices were to drop or growth in the economy and personal income were to decline. The LAO notes that such a scenario serves as a caution against the State committing all available Proposition 98 funding for ongoing purposes.

The complete 2016-17 Proposed Budget Overview is available from the LAO's website at [www.lao.ca.gov](http://www.lao.ca.gov). The District cannot, and does not, take any responsibility for the continued accuracy of such internet address or for the accuracy, completeness or timeliness of information posted on such address, and such information is not incorporated in this Official Statement by such reference.

**Disclaimer Regarding State Budgets.** The execution of the foregoing State Budgets may be affected by numerous factors, including but not limited to: (i) shifts of costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risk associated with proposed spending reductions, (iv) rising health care costs and (v) other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the State Budgets, or subsequent budgets, will have on its own finances and operations. Additionally, the District cannot predict the accuracy of any assumptions or projections made in the State Budgets.

**Availability of State Budgets.** The complete 2015-16 State Budget and 2016-17 Proposed State Budget are available from the California Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov). The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted 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 Refunding Certificates.

**Uncertainty Regarding Future State Budgets.** The District cannot predict what actions will be taken in future years by the State Legislature and the Governor in connection with its budgets. 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.

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

### **Ad Valorem Property Taxation**

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on August 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

### **Assessed Valuations**

**Generally.** The assessed valuation of property in the District is established by the Orange County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.” Certain classes of property, such as

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

**Assessed Valuation History.** Shown in the following table are recent assessed valuations for the District.

**WESTMINSTER SCHOOL DISTRICT  
Assessed Valuations of All Taxable Property  
Fiscal Years 2005-06 to 2015-16**

<b>Fiscal Year</b>	<b>Local Secured</b>	<b>Utility</b>	<b>Unsecured</b>	<b>Total</b>	<b>% Change</b>
2005-06	\$5,559,041,991	\$2,973,504	\$318,448,812	\$5,880,464,307	--
2006-07	6,111,678,050	3,680,512	472,575,943	6,587,934,505	12.0%
2007-08	6,572,191,401	2,636,134	502,731,035	7,077,558,570	7.4
2008-09	6,713,593,343	1,173,209	499,959,267	7,214,725,819	1.9
2009-10	6,616,780,084	1,173,209	555,131,602	7,173,084,895	(0.6)
2010-11	6,665,366,823	1,173,209	552,058,924	7,218,598,956	0.6
2011-12	6,800,168,727	1,173,209	549,452,858	7,350,794,794	1.8
2012-13	6,942,808,274	454,469	523,326,387	7,466,589,130	1.6
2013-14	7,171,278,977	456,469	482,275,601	7,655,011,047	2.5
2014-15	7,509,600,885	456,469	478,221,281	7,988,278,635	4.4
2015-16	7,994,334,899	456,469	620,314,607	8,615,105,975	7.8

*Source: California Municipal Statistics, Inc.*

As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation may 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. With respect to droughts specifically, the State of California is currently facing water shortfalls, and on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, the California State Water Resources Control Board (the "**Water Board**") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016. The District cannot predict or make any representations regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

**Assessed Value By Jurisdiction.** The following table shows a breakdown of local secured property assessed value based on jurisdiction for fiscal year 2015-16.

**WESTMINSTER SCHOOL DISTRICT  
2015-16 Assessed Valuation by Jurisdiction<sup>(1)</sup>  
Fiscal Year 2015-16**

<b>Jurisdiction:</b>	<b>Assessed Valuation in School District</b>	<b>% of School District</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in School District</b>
City of Garden Grove	\$ 608,827,793	7.07%	\$14,275,470,802	4.26%
City of Huntington Beach	2,152,555,220	24.99	\$34,696,480,249	6.20%
City of Westminster	5,398,148,534	62.66	\$8,279,643,537	65.20%
Unincorporated Orange County	<u>455,574,428</u>	<u>5.29</u>	\$24,999,335,956	1.82%
Total District	\$8,615,105,975	100.00%		
Orange County	\$8,615,105,975	100.00%	\$499,024,550,810	1.73%

(1) Before deduction of redevelopment incremental valuation.  
Source: California Municipal Statistics, Inc.

**Assessed Valuation by Land Use.** The majority of property within the District is used for residential purposes. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2015-16.

**WESTMINSTER SCHOOL DISTRICT  
2015-16 Local Secured Property Assessed Valuation  
and Parcels by Land Use**

	<b>2015-16 Assessed Valuation<sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b>Non-Residential:</b>				
Commercial	\$1,216,659,502	15.22%	834	4.26%
Industrial	1,061,250,136	13.28	353	1.80
Rural	557,451	0.01	2	0.01
Miscellaneous	<u>88,765</u>	<u>0.00</u>	<u>6</u>	<u>0.03</u>
Subtotal Non-Residential	\$2,278,555,854	28.50%	1,195	6.10%
<b>Residential:</b>				
Single Family Residence	\$4,725,073,111	59.11%	15,220	77.74%
Condominium/Townhouse	255,056,134	3.19	1,039	5.31
Mobile Home	15,098,443	0.19	1,201	6.13
2+ Residential Units/Apartments	<u>720,551,357</u>	<u>9.01</u>	<u>924</u>	<u>4.72</u>
Subtotal Residential	\$5,715,779,045	71.50%	18,384	93.90%
Total	\$7,994,334,899	100.00%	19,579	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.  
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 XIII A 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.

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 XIII A.

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.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District. See "RISK FACTORS – Property Taxes."

### **Alternative Method of Tax Apportionment— Teeter Plan**

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County will receive by the end of the fiscal year 100% of the property tax levied, in the same manner as if the amount credited had been collected. The County assumes the responsibility for pursuing late and delinquent taxes and is therefore entitled to any penalties and interest collected. The District participates in the County's Teeter Plan, and thus receives 100% of secured property taxes levied, in exchange for foregoing any interest and penalties collected on delinquent taxes to the County. The County's Teeter Plan currently covers the one percent general fund apportionment levy, and also other *ad valorem* taxes. The plan also includes special assessments/direct charges, as long as the taxing entity is a Teeter participant.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. 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.

Notwithstanding operation of the Teeter Plan, the following table identifies recent secured tax charges and delinquencies in the District with respect to the one percent general fund apportionment.

**WESTMINSTER SCHOOL DISTRICT  
Secured Tax Charges and Delinquencies  
Fiscal Years 2009-10 to 2014-15**

<u>Fiscal Year</u>	<u>Secured Tax Charge</u> <sup>(1)</sup>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2009-10	\$11,578,895	\$309,239	2.67%
2010-11	11,631,392	226,293	1.95
2011-12	11,493,324	193,151	1.68
2012-13	11,977,331	175,312	1.46
2013-14	12,577,055	188,666	1.50
2014-15	12,940,337	212,912	1.65

(1) 1% General Fund apportionment.  
Source: California Municipal Statistics, Inc.

## Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2015-16.

### WESTMINSTER SCHOOL DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2015-16

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total</u> <sup>(1)</sup>
1.	Westminster Mall LLC	Commercial	\$255,151,962	3.19%
2.	McDonnell Douglas Corp.	Industrial	181,369,663	2.27
3.	WRI West Gate South LP	Commercial	70,774,369	0.89
4.	Land Partners Co.	Commercial	64,452,657	0.81
5.	Lone Oak-Hunt Beach LLC	Industrial	58,138,860	0.73
6.	West County Commerce Realty Holding Co.	Industrial	43,274,503	0.54
7.	CP II Park Lane LLC	Apartments	29,326,079	0.37
8.	Gretchen Ann Howard Trust	Commercial	28,932,868	0.36
9.	CLPF-7400 Hazard LLC	Industrial	27,357,104	0.34
10.	An Tang Dao Trust	Commercial	26,915,033	0.34
11.	14520 Delta Lane Acquisition LLC	Industrial	25,615,267	0.32
12.	Douglas Realty Co. Inc.	Industrial	23,477,952	0.29
13.	Konica Minolta Business Solutions USA	Industrial	20,495,621	0.26
14.	Avalon Center at Garden Grove Inc.	Commercial	20,219,826	0.25
15.	Macy's California Realty LLC	Commercial	20,065,939	0.25
16.	Shamrock Bolsa Properties I LLC	Industrial	19,901,795	0.25
17.	Springdale Villa LP	Apartments	19,512,810	0.24
18.	Realty Associates Fund X LP	Industrial	19,211,417	0.24
19.	PPF Industrial 5800-5900 Skylab Road LLC	Industrial	18,939,512	0.24
20.	WCC Phase II Realty Holding Co. LLC	Industrial	18,804,135	0.24
			<u>\$991,937,372</u>	<u>12.41%</u>

(1) 2015-16 Local Secured Assessed Valuation: \$7,994,334,899.  
Source: California Municipal Statistics, Inc.

## Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of February 1, 2016. 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.

**WESTMINSTER SCHOOL DISTRICT**  
**Statement of Direct and Overlapping Bonded Debt**  
**(Debt Issued as of February 1, 2016)**

**2015-16 Assessed Valuation:** \$8,615,105,975

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 2/1/16</u></b>
Metropolitan Water District	0.351%	\$ 387,237
Coast Community College District	7.218	36,010,267
Huntington Beach Union High School District	18.090	35,753,980
<b>Westminster School District</b>	<b>100.000</b>	<b>74,579,834<sup>(1)</sup></b>
City of Huntington Beach Community Facilities District No. 2002-1	100.000	4,435,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$151,166,318</b>

<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>		
Orange County General Fund Obligations	1.726%	\$ 1,331,022
Orange County Pension Obligation Bonds	1.726	2,740,333
Orange County Board of Education Certificates of Participation	1.726	262,179
Municipal Water District of Orange County Water Facilities Corporation	2.056	56,951
Huntington Beach Union High School District Certificates of Participation	18.090	10,744,753
<b>Westminster School District Certificates of Participation</b>	<b>100.000</b>	<b>21,930,000</b>
City of Garden Grove General Fund Obligations	4.265	1,057,294
City of Huntington Beach General Fund and Judgment Obligation Bonds	6.204	3,229,123
City of Westminster Certificates of Participation	65.198	2,171,093
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$43,522,748</b>
Less: MWDOC Water Facilities Corporation (100% self-supporting)		56,951
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$43,465,797</b>

<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>		
Garden Grove Agency for Community Development	2.256%	\$ 765,799
Huntington Beach Redevelopment Agency	0.421	57,067
Westminster Community Redevelopment Agency	77.186	91,056,324
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>\$91,879,190</b>

GROSS COMBINED TOTAL DEBT	\$286,568,256 <sup>(2)</sup>
NET COMBINED TOTAL DEBT	\$286,511,305

**Ratios to 2015-16 Assessed Valuation:**

<b>Direct Debt (\$74,579,834)</b> .....	<b>0.87%</b>
Total Overlapping Tax and Assessment Debt.....	1.75%
<b>Combined Direct Debt (\$96,509,834)</b> .....	<b>1.12%</b>
Gross Combined Total Debt.....	3.33%
Net Combined Total Debt.....	3.33%

**Ratios to Redevelopment Incremental Valuation (\$3,758,475,726):**

Total Overlapping Tax Increment Debt .....	2.44%
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(1) Excludes Certificates.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity. See "DISTRICT FINANCIAL INFORMATION - Long Term District Debt - Certificates of Participation."

Source: California Municipal Statistics, Inc.

**COUNTY EDUCATIONAL INVESTMENT POOL**

In accordance with Government Code Section 53600 *et seq.*, the Orange 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. For further information concerning County investments, access the County's website at [ocgov.com/ocinvestments](http://ocgov.com/ocinvestments) and access the link to "Financial Information." The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. See also APPENDIX G hereto for a copy of the County's educational investment pool disclosure, current investment policy statement and monthly investment report as of December 2015.

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

Articles XIII A, XIII B, XIII C, and XIII D 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.

### **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 XIII A of the California Constitution**

**Basic Property Tax Levy.** On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (which provided the authority for the issuance of the 2010 Note), and (iii) (as a result of an amendment to Article XIII A 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. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of

reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

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

Article XIII B (“**Article XIII B**”) 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 XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B 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 XIII B 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 XIII B 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 XIII C and XIII D**

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 XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), 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 XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in

accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C 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 XIII D. 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 XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

### **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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 XIII B 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 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 fiscal year 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.

## **Proposition 30**

Proposition 30 appeared on the November 6, 2012 statewide ballot as an initiated constitutional amendment (“**Proposition 30**”), and it was approved by State voters. Proposition 30 increased the State sales tax from 7.25 percent to 7.50 percent, increased personal income tax rates on higher income brackets for seven years, and 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 is 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 increased 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 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 joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for joint filers).

The revenues generated from the temporary tax increases are 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.

## **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 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 and Changes in Law**

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 1A, 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 or other legislative enactments could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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## **RISK FACTORS**

*The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Refunding Certificates. The discussion does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, or the effectiveness of any remedies that the Trustee may have or circumstances under which Lease Payments may be abated.*

### **No Pledge of Taxes**

The Lease Payments and other payments due under the Lease Agreement are not secured by any pledge of taxes or other revenues of the District, except, however, the pledge of Tax Increment described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES - Lease Payments - Tax Increment. The Lease Payments are secured by a District covenant to annually budget and appropriate sufficient funds to make Lease Payments from any lawfully available funds, including the general fund. In the event that the District's general fund revenues are less than its total obligations, the District may choose to pay other costs or expenses before making the Lease Payments.

The obligation of the District to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the Corporation, the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments and Additional Rental Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Rental Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES."

In addition, although pursuant to the Lease Agreement the District has covenanted to budget and appropriate funds sufficient to pay Lease Payments from Tax Increment, which the District accounts for within the General Fund in its Local Revenue Fund as Community Redevelopment Funds, the District cannot provide any assurance regarding the length of time and amount such revenues will be available to it. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES - Lease Payments - Tax Increment."

The District is currently liable on other obligations payable from general revenues and may incur additional obligations payable from its general fund.

### **Additional Obligations of the District**

The District has existing obligations payable from its general fund. See "DISTRICT FINANCIAL INFORMATION – Long Term District Debt - Long Term Lease Obligations." In addition, under the Lease Agreement the District is permitted to enter into other obligations

which constitute additional charges against its revenues without the consent of owners of the Refunding Certificates. To the extent that additional obligations are incurred by the District, the funds available to pay Lease Payments may be decreased.

### **Limited Recourse on Default**

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement.

**Notwithstanding a default under the Lease Agreement, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Corporation nor the Trustee has any right to re-enter or re-let the Leased Property except following the occurrence and during the continuation of an event of default under the Lease Agreement.**

Following an event of default, the Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the District or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Property for the purpose of taking possession of all or any portion of the Leased Property and to re-let the Leased Property and, in addition, at its option, with or without such entry, to terminate the Lease Agreement as described therein. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to pay principal and interest evidenced by the Refunding Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Property.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Refunding Certificates or pay debt service with respect thereto. The District will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

### **Abatement**

The obligation of the District under the Lease Agreement to pay Lease Payments is in consideration of the use and possession of the Leased Property.

Under certain circumstances relating to damage, destruction, condemnation or title defects with respect to the Leased Property which cause a substantial interference with the use and possession of the Leased Property, the District's obligation to make Lease Payments is subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Refunding Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING CERTIFICATES – Abatement" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement." Abatement is not a default under the Lease Agreement and does not result in the Trustee having the right to take any action to avail itself of any remedy against the District.

## **Property Taxes**

***Levy and Collection.*** The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District's share of local property tax revenues, and accordingly, could have an adverse impact on the ability of the District to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District's ability to pay principal and interest with respect to the Refunding Certificates when due.

***Reduction in Inflationary Rate.*** Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The District is unable to predict if any adjustments to the full cash value base of real property within the District, whether an increase or a reduction, will be realized in the future.

***Appeals of Assessed Values.*** There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A 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.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate 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. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the California Constitution – Litigation Regarding 2% Limitation."

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their 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.

No assurance can be given that property tax appeals in the future will not significantly reduce the District's property tax revenues.

***Local Housing Market.*** Economic downturns, as those that have been experienced in recent years on a national scale, can have a negative impact on local property values, in part due to fallout from the subprime mortgage crisis, tight credit markets and the recession. High rates of foreclosures tend to depreciate values of homes in the overall market, which could lead to more Proposition 8 appeals. Although the District's total assessed valuation is again increasing, it is not possible to predict how a future mortgage crisis, tightening credit markets, increased foreclosure activity and major reductions in home prices throughout the region could affect home values, assessed values, assessment appeals or collections of property taxes by the County.

### **State Budget Considerations**

School districts in California receive a significant amount of their funding from State appropriations, as determined in each year's State budget. As a result, decreases in State revenue sources may impact the amount of funds appropriated to school districts, as has occurred in recent years. A deterioration in the State's economy due to factors such as reduced income tax revenues and sales tax revenues can negatively impact the State budget and the District's revenues, and therefore funds available to make Lease Payments. In addition, the State legislature has at times adopted legislation in connection with its annual budgets which may impact education funding, and may do so again in the future. The District cannot predict how State budgets and future legislation may impact its finances.

### **Absence of Earthquake and Flood Insurance**

If any portion of the Leased Property is destroyed or rendered useless by a natural hazard such as an earthquake or flood, an abatement could occur and result in the Trustee

having inadequate funds to pay the principal and interest represented by the Refunding Certificates as and when due. The Lease Agreement does not require the District to obtain earthquake or flood insurance on the Leased Property.

All building components of the Leased Property were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

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

The rights of the owners of the Refunding Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Refunding Certificates, and enforcement of the District's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Refunding Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See "– Limited Recourse on Default" above.

### **LEGAL OPINION**

The proceedings in connection with the authorization, sale, execution and delivery of the Refunding Certificates are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Special Counsel**"). A copy of the legal opinion, certified by the official in whose office the original is filed, will be attached to each Certificate, and a form of such opinion is attached as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Disclosure Counsel to the District ("**Disclosure Counsel**"). Norton Rose Fulbright US LLP, Los Angeles, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**").

*The fees of Special Counsel, Disclosure Counsel, the Trustee, the Escrow Agent, the Underwriter and Underwriter's Counsel are contingent upon the execution and delivery of the Refunding Certificates.*

## FINANCIAL ADVISOR

Isom Advisors, A Division of Urban Futures, Inc., Walnut Creek, California, is acting as the District's financial advisor in connection with the Refunding Certificates. The Financial Advisor is a registered "Municipal Advisor" with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Financial Advisor with respect to the Refunding Certificates are contingent upon their sale and delivery. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## TAX MATTERS

### Tax Exemption

**Federal Tax Status.** In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of lease payments designated as and comprising interest and received by the Owners of the Refunding Certificates 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 imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest 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") that must be satisfied subsequent to the issuance of the Refunding Certificates. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest with respect to the Refunding Certificates in gross income for federal income tax purposes to be retroactive to the date of issuance of the Refunding Certificates.

If the initial offering price to the public (excluding bond houses and brokers) at which a Certificate 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 (excluding bond houses and brokers) at which a Refunding Certificate 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 is 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 Refunding Certificate 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

Refunding Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Refunding Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Refunding Certificates who purchase the Refunding Certificates after the initial offering of a substantial amount of such maturity. Owners of such Refunding Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Refunding Certificates 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 Refunding Certificates under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Refunding Certificate (said term being the shorter of the Refunding Certificate'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 Refunding Certificate for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Refunding Certificate is amortized each year over the term to maturity of the Refunding Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Refunding Certificate premium is not deductible for federal income tax purposes. Owners of premium Refunding Certificates, 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 Refunding Certificates.

**California Tax Status.** In the further opinion of Special Counsel, the portion of lease payments designated as and comprising interest and received by the owners of the Refunding Certificates is exempt from California personal income taxes.

**Form of Opinion.** A copy of the proposed form of opinion of Special Counsel is attached hereto as Appendix D.

### **Other Tax Considerations**

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

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Refunding Certificates 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 Refunding Certificates. Prospective purchasers of the Refunding Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.



## NO LITIGATION

There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Refunding Certificates, the Trust Agreement, the Lease, the Site Lease, the Assignment Agreement or any other document relating to the Refunding Certificates or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the District which have arisen in the regular course of administering the affairs of the District. In the opinion of the District, such suits and claims as are presently pending will not have a material adverse affect on the ability of the District to make Lease Payments with respect to the Refunding Certificates.

## ESCROW VERIFICATION

Causey Demgen & Moore P.C., Denver, Colorado (the "**Verification Agent**"), upon delivery of the Refunding Certificates, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to the sufficiency of the anticipated amount of proceeds of the Refunding Certificates and other funds deposited into each Escrow Fund and available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements (if any) of the corresponding Refunded Obligations.

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

## RATINGS

S&P has assigned the Refunding Certificates a rating of "AA" with the understanding that the Certificate Insurance Policy will be issued by the Certificate Insurer concurrently with the delivery of the Refunding Certificates. In addition, S&P and Moody's Investors Service, a subsidiary of Moody's Corporation ("**Moody's**") have each assigned an underlying rating of "A" and "A2," respectively, to the Refunding Certificates. There is no assurance that the credit ratings given to the Refunding Certificates will be maintained for any period of time or that the respective ratings may not be lowered or withdrawn entirely by S&P and Moody's if, in their respective judgment, circumstances so warrant. Any such downward revision or withdrawal of any or all such ratings may have an adverse effect on the market price of the Refunding Certificates. Such ratings reflect only the views of S&P and Moody's, respectively, and an explanation of the significance of such ratings may be obtained from the respective rating agency.

## UNDERWRITING

The Refunding Certificates are being purchased by Raymond James & Associates, Inc. (the "**Underwriter**"). Under a Certificate Purchase Agreement (the "**Purchase Agreement**"), the Underwriter has agreed to purchase the Refunding Certificates at a purchase price of

\$15,335,778.60 (which is equal to the principal amount represented by the Refunding Certificates, plus net original issue premium of \$1,030,443.60, less an Underwriter's discount of \$64,665.00). The Purchase Agreement provides that the Underwriter will purchase all of the Refunding Certificates (if any are purchased), and 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 the Refunding Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

## **CONTINUING DISCLOSURE**

The District has covenanted, for the benefit of holders and beneficial owners of the Refunding Certificates to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board on an annual basis (an "**Annual Report**") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing by March 31, 2017, with the report for the 2015-16 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and other required notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**") in the manner prescribed by the Securities Exchange Commission. The specific nature of such information is set forth below under the caption 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 made pursuant to the Rule in connection with the District's outstanding general obligation bond and certificates of participation. See information under the heading "– Long Term District Debt." Instances of non-compliance with prior undertakings in the previous five years include the late filings of certain annual reports, annual budgets and certain operating data required under its prior undertaking with respect to the 2006 Certificates. Such filings were filed no more than one month after the respective deadlines. The identification of said instances does not constitute a representation that such instances have been determined to be material pursuant to the Rule.

In order to assist it in complying with its disclosure undertakings for its outstanding obligations and the Refunding Certificates, the District is expected to engage Isom Advisors, A Division of Urban Futures, Inc., to serve as its dissemination agent with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Refunding Certificates.

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

**EXECUTION**

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

**WESTMINSTER SCHOOL DISTRICT**

By:         /s/ Marian Kim-Phelps, Ed.D.          
                                Superintendent

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## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

*The following is a brief summary of certain provisions of the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement. This summary is not intended to be definitive and is qualified in its entirety by reference to such documents for the complete terms thereof. Copies of such documents are available upon request from the District.*

### DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

“Additional Payments” has the meaning given to such term under the heading “THE LEASE AGREEMENT – Lease Payments; Abatement – Additional Rental Payments.”

“Assignment Agreement” means the Assignment Agreement, dated as of March 1, 2016, by and between the Corporation, as assignor, and the Trustee as assignee.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are not closed for corporate trust business.

“Certificate Insurance Policy” means the Municipal Bond Insurance Policy issued by the Certificate Insurer with respect to the Certificates.

“Certificate Insurer” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Certificate Insurance Policy.

“Certificates” means the 2016 Refunding Certificates of Participation described in this Official Statement.

“Closing Date” means the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Certificates or (except as otherwise referenced in the Trust Agreement) as it may be amended to apply to obligations issued on the date of execution and delivery of the Certificates, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of execution and delivery of the

Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Corporation” means the Westminster School District Financing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

“Corporation Representative” means the President, Vice President, Treasurer, Executive Director, or Secretary of the Corporation, or any other person authorized to act on behalf of the Corporation under or with respect to the Trust Agreement by resolution of the Board of Directors of the Corporation delivered to the Trustee.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Lease Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (which shall include legal fees and the first annual administration fee of the Trustee), financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

“Cost of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to the Trust Agreement.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“District” means the Westminster School District, an elementary school district duly organized and existing under the Constitution and laws of the State of California.

“District Representative” means the President of the Board, the Superintendent or Assistant Superintendent, Business Services of the District, or any other person authorized to act on behalf of the District under or with respect to the Trust Agreement by resolution of the governing board of the District delivered to the Trustee.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means an event of default under the Lease, as defined in the Lease Agreement.

“Facilities” means all improvements on the Site as of the Closing Date.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length

transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and any related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period by the District as its fiscal year pursuant to written notice filed with the Trustee.

“Hazardous Substances” means any substances, pollutants and contaminants included in such (or any similar) term under any federal, state or local statute, ordinance, code or regulation now existing or hereafter enacted or amended.

“Insurance and Condemnation Fund” means the fund by that name to be established and held by the Trustee pursuant to the Trust Agreement.

“Interest Payment Date” means June 1, 2016, and the first day of each June and December thereafter to and including the date of maturity or prepayment of the Certificates.

“Lease Agreement” means the Lease Agreement, dated as of March 1, 2016, by and between the Corporation as lessor and the District as lessee.

“Leased Property” means, collectively, the Site and the Facilities.

“Lease Payment Date” means, with respect to any Interest Payment Date, 15th calendar day of the month immediately preceding such Interest Payment Date.

“Lease Payment Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Lease Payments” means all payments required to be paid by the District pursuant to the Lease Agreement, including any prepayment thereof.

“Moody's” means Moody's Investors Service, or its successors and assigns.

“Net Proceeds” means any insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain

powers), paid with respect to the Project, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository.

“Office” means the main or principal corporate trust office of the Trustee in Los Angeles, California, or such other offices as the Trustee may designate from time to time, except that with respect to presentation of Certificates for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted..

“Original Purchaser” means Raymond James and Associates, Inc., as original purchaser of the Certificates.

“Outstanding,” when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates for the payment or prepayment of which funds or Federal Securities in a sufficient amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

“Owner”, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

“Participating Underwriter” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“Permitted Encumbrances” means, means, as of any time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid pursuant to Article V of the Lease Agreement; (b) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (c) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Insurance Co.; and (d) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the lease and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes or the value of the Leased Property.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) Federal Securities;



- (b) obligations of any federal agency which represent full faith and credit of the United States of America, or which are otherwise rated “AAA” by S&P;
- (c) U.S. dollar denominated deposit accounts federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;
- (d) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P, and which matures not more than 270 calendar days after the date of purchase;
- (e) investments in a money market fund, including those of an affiliate of the Trustee, rated “AAAm” or “AAAm-G” or better by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services;
- (f) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (i) which are rated, based upon an irrevocable escrow account or fund, in the highest rating category of S&P or any successors thereto; or (ii)(A) subject to the approval of S&P, which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting only of Federal Securities, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates under such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the prepayment date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (g) investment agreements with financial institutions whose long-term general credit rating is A- or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below A-; and
- (h) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Record Date” means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

“Registration Books” means the records maintained by the Trustee pursuant to the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

“Reserve Facility” means any line of credit, letter of credit, insurance policy, surety bond or other credit source deposited with the Trustee pursuant to the Trust Agreement.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

“Reserve Policy” means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Certificate Insurer.

“Reserve Requirement” means, as of the date of calculation thereof, an amount equal to the lesser of (a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to the Lease Agreement) coming due in the current or any future Fiscal Year, or (c) 125% of average annual Lease Payments.

“Securities Depositories” means DTC and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the District designates in written notice filed with the Trustee..

“Site” means the land described as such in the Site Lease and the Lease Agreement. If the District exercises its option under the Lease Agreement with respect to the substitution of property or its option under the Lease Agreement with respect to the release of property, the term “Leased Property” will thereupon be modified accordingly.

“Site Lease” means the Site Lease, dated as of March 1, 2016, by and between the District as lessor and the Corporation as lessee.

“Term of the Lease Agreement” means the time during which the Lease Agreement is in effect, as provided therein.

“Trust Agreement” means the Trust Agreement, dated as of March 1, 2016, by and among, the District, the Corporation and the Trustee.

“Trustee” means U.S. Bank National Association, or any successor thereto acting as Trustee pursuant to the Trust Agreement.

“2006 Certificates” means the Refunding Certificates of Participation Series A of 2006, which were executed and delivered in the original principal amount of \$17,790,000.

“2006 Lease” means that certain Lease Agreement, dated as of June 1, 2006, between the Corporation, as lessor, and the District, as lessee.

## **SITE LEASE**

Under the Site Lease, the District leases the Leased Property to the Corporation, to enable the Corporation to sublease the Leased Property back to the District under the Lease Agreement. The term of the Site Lease is coterminous with the term of the Lease Agreement. The Corporation and the District may at any time amend or modify any of the provisions of the Site Lease, but only with the prior written consent of the Trustee and the Certificate Insurer, which are third party beneficiaries under the Site Lease.

## **THE LEASE AGREEMENT**

### **Lease of the Leased Property; Term**

The Corporation leases the Leased Property to the District pursuant to the Lease Agreement. The Lease Agreement commences on the date of recordation of the Lease Agreement and terminates on December 1, 2034, or such earlier or later date on which the Lease Agreement shall be discharged pursuant to and in accordance the Lease Agreement, but under any circumstances not later than December 1, 2044.

### **Substitution of Leased Property**

The District is granted in the Lease Agreement the option at any time and from time to time during the term of the Lease Agreement, to substitute other land, facilities, improvements or other property ("Substitute Leased Property") for the Leased Property or any portion thereof (the "Former Leased Property"), provided that the District shall satisfy all of the following conditions precedent:

(a) The District shall notify each rating agency then rating the Certificates in writing of such substitution;

(b) The District shall take all actions and shall execute all documents required to subject such Substitute Leased Property to the terms and provisions of the Lease Agreement, including the filing with the Trustee an amended Exhibit A and an amended Exhibit B to the Lease Agreement, which adds thereto a description of such Substitute Leased Property and deletes therefrom the description of such Former Leased Property;

(c) The District shall certify in writing to the Corporation and the Trustee that the estimated fair market value and the estimated fair rental value of such Substitute Leased Property are at least equal to the estimated fair market value and the estimated fair rental value, respectively, of such Former Leased Property;

(d) The District shall certify in writing to the Corporation and the Trustee that such Substitute Leased Property serves the public purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California and that no prior liens exist on such Substitute Leased Property;

(e) The District shall certify in writing to the Corporation and the Trustee that the estimated useful life of such Substitute Leased Property at least extends to the date on which the final Lease Payment becomes due and payable under the Lease Agreement;

(f) The District shall obtain a CLTA policy of title insurance meeting the requirements of the Lease Agreement with respect to such Substitute Leased Property;

(g) The Substitute Leased Property shall not cause the District to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement.

(h) The District shall have obtained the prior written consent of the Certificate Insurer to such substitution.

The District shall not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

### **Lease Payments; Abatement**

Lease Payments. The District agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date, the District is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on such Interest Payment Date, to the extent required to be paid by the District under the Lease Agreement. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease Agreement and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) shall be credited towards the Lease Payment then required to be paid thereunder; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be deposited with the Trustee. The Lease Payments payable in any Fiscal Year shall be for the use of the Leased Property during such Fiscal Year.

The District agrees to take such action as may be necessary to include all Lease Payments coming due under the Lease Agreement in its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments.

Additional Payments. In addition to the Lease Payments, the District shall pay when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement (collectively, "Additional Payments"), including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee, all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement and all other amounts due to the Trustee pursuant to the Trust Agreement and all costs and expenses of attorneys, auditors, engineers and accountants, and all amounts required to repay draws on a Reserve Facility, including specifically the Reserve Policy. Such costs and expenses shall be payable as

additional amounts of rental under the Lease Agreement in consideration of the right of the District to the use and occupancy of the Leased Property.

Termination or Abatement Due to Eminent Domain. If the Leased Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Leased Property shall be taken permanently, or if the Leased Property shall be taken temporarily, under the power of eminent domain, (a) the Lease Agreement shall continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property. Notwithstanding the foregoing, there shall be no abatement of Lease Payments as described above to the extent that amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated as described above, it being declared in the Lease Agreement that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Abatement Due to Damage or Destruction. The amount of Lease Payments will be abated under the Lease Agreement during any period in which by reason of damage or destruction (other than by eminent domain which is described above) there is substantial interference with the use and occupancy by the District of the Leased Property or any portion thereof. The amount of such abatement shall be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Property not damaged or destroyed. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that the proceeds of hazard insurance, rental interruption insurance or amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement, it being declared under the Lease Agreement that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

## **Title**

At all times during the term of the Lease Agreement, the District will hold title to the Leased Property, subject to the Permitted Encumbrances, and any and all additions which comprise fixtures, repairs, replacements or modifications thereto.

## **Maintenance, Utilities, Taxes and Modifications**

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Leased Property, all improvement, repair and maintenance of the Leased Property will be the responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property resulting from ordinary wear and tear or want of care on the part of the

District or any assignee or sublessee thereof. In exchange for the Lease Payments, the Corporation agrees to provide only the Leased Property. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver shall not limit any of the rights of the District under the terms of the Lease Agreement.

The District also agrees pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District will be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The District will, at its own expense, have the right to remodel the Leased Property, or to make additions, modifications and improvements thereto. All additions, modifications and improvements to the Leased Property shall thereafter comprise part thereof and be subject to the provisions of the Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made thereto, shall be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District; provided that if any such lien is established and the District shall first notify or cause to be notified the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

## **Insurance**

The Lease Agreement requires the District to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Certificate Owners, the Certificate Insurer, the Corporation and the Trustee:

Public Liability and Property Damage Insurance. The District will maintain or cause to be maintained, throughout the Term of the Lease Agreement, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District, or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District

shall apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Casualty Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the District, whose determination is final and conclusive. Such insurance may be subject to such deductibles as the District deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and with the consent of the Certificate Insurer may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of any such insurance will be deposited by the Trustee in the Insurance and Condemnation Fund and applied at the election and direction of the District either to the replacement, repair, restoration, modification or improvement of the damaged Leased Property or to the prepayment of the Lease Payments and the corresponding prepayment of outstanding Certificates.

Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in the casualty insurance required under the Lease Agreement as described in the immediately preceding paragraph, in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive Fiscal Years during the remaining Term of the Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, provided that the provider of such insurance shall be rated at least "A" by A.M. Best & Company, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Title Insurance. The District will, at its expense, cause the Site Lease, the Assignment Agreement and the Lease Agreement to be recorded in the office of the Orange County Recorder on or before the Closing Date. Concurrent with such recordation, the District shall obtain a CLTA title insurance policy insuring the District's leasehold estate in the Leased Property under the Lease Agreement, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under such title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited towards the prepayment of the Lease Payments.

## **Assignment; Subleases**

The Corporation has assigned certain of its rights under the Lease Agreement to the Trustee pursuant to the Assignment Agreement. The District may not assign any of its rights in the Lease Agreement, but may sublease all or a portion of the Leased Property only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

## **Installation of District's Equipment**

The District may at any time and from time to time install or permit to be installed equipment or other personal property in or upon the Leased Property which shall remain the sole property of the District, in which neither the Corporation nor the Trustee shall have any interest, and may be modified or removed by the District at any time, provided that the District shall repair and restore any and all damage to the Leased Property resulting from the installation, modification or removal of any such items. Nothing in the Lease prevents the District from purchasing or leasing items to be installed under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall be deemed to attach to any part of the Leased Property. The Corporation and the Trustee have waived any interest in equipment acquired pursuant to that certain Equipment Lease/Purchase Agreement dated as of August 1, 2015, by and between the District and Banc of America Public Capital Corp., which waiver extends until said Lease/Purchase Agreement is terminated pursuant to its terms.

## **Amendment of Lease**

The Corporation and the District may at any time amend or modify any of the provisions of the Lease Agreement with the prior written consent of the Certificate Insurer, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates; or (b) without the consent of the Trustee or any of the Certificate Owners, but only if such amendment or modification is for any one or more of the following purposes-

(i) to add to the covenants and agreements of the District contained in the Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the District;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, or in any other respect whatsoever as the Corporation and the District may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by any of the Certificates under the Code, in the opinion of Bond Counsel;



(iv) to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution of the Leased Property as described above; or

(v) to obligate the District to pay additional amounts of rental for the use and occupancy of the Leased Property, provided that (1) such additional amounts of rental do not cause the total rental payments made by the District under the Lease Agreement to exceed the fair rental value of the Leased Property, as set forth in a certificate of the District filed with the Trustee and the Corporation, (2) the District has obtained and filed with the Trustee and the Corporation an appraisal of the Leased Property showing that the estimated fair market value thereof is not less than the aggregate unpaid principal components of the Lease Payments and the aggregate principal components of such additional amounts of rental, , and (3) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which will be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized under applicable California law.

## **Events of Default**

Each of the following constitutes an event of default under the Lease Agreement:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified in the Lease Agreement.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Lease Agreement or in the Trust Agreement, other than as referred to in the preceding paragraph (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the District commences to cure the failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may be enacted in the future.

## Remedies on Default

Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under the Lease Agreement. Notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant of the Lease Agreement to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted under the Lease Agreement; provided, that no termination of the Lease Agreement shall be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner in the Lease Agreement expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise each and every one of the following remedies, subject in all respects to the limitations described in the Lease Agreement.

(a) Enforcement of Payments Without Termination. If the Corporation does not elect to terminate the Lease Agreement in the manner described in paragraph (b) above, the District agrees to remain liable for the payment of all Lease Payments and the performance of all conditions therein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Leased Property, or, if the Corporation is unable to re-lease the Leased Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as provided for in the Lease Agreement for the payment of Lease Payments thereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Leased Property or the exercise of any other remedy by the Corporation.

The District irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Leased Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Leased Property, to place such property in storage or other suitable place in the County of Orange for the account of and at the expense of the District, and the District agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions therein contained. The District agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Leased Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate the Lease Agreement shall vest in the

Corporation to be effected in the sole and exclusive described in paragraph (b) above. The District agrees to surrender and quit possession of the Leased Property upon demand of the Corporation for the purpose of enabling the Leased Property to be re-let. Any rental obtained by the Corporation in excess of the unpaid Lease Payments shall be deposited with the Trustee in the Lease Payment Fund, to be applied as a credit against future Lease Payments.

(b) Termination of Lease. If an Event of Default occurs and is continuing under the Lease Agreement, the Corporation at its option may terminate the Lease Agreement and re-lease all or any portion of the Leased Property. If the Corporation terminates the Lease Agreement at its option and in the manner therein provided on account of default by the District (and notwithstanding any re-entry upon the Leased Property by the Corporation in any manner whatsoever or the re-leasing of the Leased Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease Agreement in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be deposited in the Lease Payment Fund. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation has given written notice to the District of the election on the part of the Corporation to terminate the Lease Agreement. The District agrees that no surrender of the Leased Property, or of the remainder of the Term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) Proceedings at Law or In Equity. If an Event of Default occurs and continues under the Lease Agreement, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due thereunder or to enforce any other of its rights thereunder.

### **Provisions Relating to Certificate Insurer**

The Lease Agreement contains provisions relating to the rights of the Certificate Insurer which control and supersede conflicting or inconsistent provisions in the Lease Agreement. The provisions include the following:

- (a) the Certificate Insurer shall be deemed to be the sole and exclusive Owner of the Certificates for purposes of all approvals, consents, waivers, institution of any action, and the direction of all remedies;
- (b) any amendment or supplement to the Lease Agreement or the Site Lease shall be subject to the prior written consent of the Certificate Insurer and no

release or substitution of any property subject to the Lease Agreement or the Site Lease or any deed of trust or other document evidencing a security interest in the Leased Property may occur without the prior written consent of the Certificate Insurer;

- (c) if insurance or condemnation proceeds with respect to the Leased Property are received, such proceeds shall be applied to replacement or restoration of the affected property or to redemption of the Certificates; *provided, however*, that unless all Outstanding Certificates are to be prepaid from such amount, prior written consent of the Certificate Insurer shall be required for any such prepayment.
- (d) the District may not incur additional debt payable from the Lease Payments and may not impose a lien or encumbrance on the Leased Property, without the prior consent of the Certificate Insurer; provided nothing herein constitutes a limit on the District's ability to incur additional debt payable from the same source as the Lease Payments.

## **TRUST AGREEMENT**

### **Trustee**

The Trustee is appointed pursuant to the Trust Agreement and is authorized to prepare, execute and deliver the Certificates thereunder, and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the District's instructions.

### **Funds**

The Trust Agreement creates the Lease Payment Fund, the Reserve Fund and the Insurance and Condemnation Fund to be held in trust by the Trustee.

Lease Payment Fund. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to the Trust Agreement or the Lease Agreement. Moneys on deposit in the Lease Payment Fund will be used to pay principal and interest represented by the Certificates. Any earnings on investment of moneys in the Lease Payment Fund will remain therein and will be credited towards payment of the next Lease Payments. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or provision for their payment has been made, will be paid to the District.

#### Reserve Fund.

(a) The Trustee shall establish a special fund designated as the "Reserve Fund" to be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided in the Trust Agreement. Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the District.

(b) If on any Interest Payment Date, the amount on deposit in the Lease Payment Fund is insufficient to pay the principal or interest evidenced by the Certificates on such Interest Payment Date, the Trustee shall transfer from the Reserve Fund and deposit in the Lease

Payment Fund an amount sufficient to make up such deficiency. If a Reserve Facility is credited to the Reserve Fund to satisfy a portion of the Reserve Requirement, the Trustee shall make a claim for payment under such Reserve Facility, in accordance with the provisions of the Trust Agreement, in an amount which, together with other available moneys in the Reserve Fund, will be sufficient to make such deposit in the Lease Payment Fund. Moneys, if any, on deposit in the Reserve Fund shall be withdrawn and applied by the Trustee for the final payment of principal and interest evidenced by the Certificates.

(c) The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund a Reserve Facility, which in the aggregate make funds available in the Reserve Fund in an amount equal to the Reserve Requirement; however, the long-term unsecured debt or claim-paying ability, as the case may be, of the provider of any such letter of credit, bond insurance policy or any other comparable credit facility, must have a rating of at least "A" from Moody's, and/or "A" from S&P, on the date such security is deposited into the Reserve Fund (provided that the Trustee shall be under no obligation and have no responsibility whatsoever to independently determine or verify such rating other than at the time of delivery). In the event of the use of a Reserve Facility, the Trustee shall be provided with copies of all documents in regard thereto and shall, to the extent not in conflict with the provisions of the Trust Agreement, conform to the forms thereof for purposes of submitting draws, and making reimbursements, thereon.

The Reserve Requirement will initially be satisfied by deposit in the Reserve Fund of the Reserve Policy delivered by the Certificate Insurer. The District and the Trustee covenant to comply with each of the provisions set forth in Exhibit C hereto.

(d) If, as a result of the payment of principal or interest evidenced by the Certificates or otherwise, the Reserve Requirement is reduced, and the Reserve Requirement is not then satisfied by a Reserve Facility, funds on deposit in the Reserve Fund in excess of said reduced Reserve Requirement shall be transferred to the Lease Payment Fund.

(e) On any date on which Certificates are defeased in accordance with the terms of the Trust Agreement, the Trustee shall, if so directed in a written request of the District, transfer any moneys in the Reserve Fund in excess of the Reserve Requirement resulting from such defeasance to the entity or fund so specified in such written request of the District, to be applied to such defeasance.

Deposit and Application of Net Proceeds of Eminent Domain Award. If all or any part of the Leased Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, pursuant to the Lease Agreement, and shall be applied and disbursed by the Trustee as follows:

(a) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property, or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the District has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as the same become due and payable.

(b) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property, or the ability of the District to meet any of its financial obligations under the Lease, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for such repair or rehabilitation, upon the filing of requisitions of the District Representative meeting the requirements of the Trust Agreement.

(c) If (i) less than all of the Leased Property, shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Leased Property, or the ability of the District to meet any of its financial obligations under the Lease, or (ii) all of the Leased Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to the Lease Agreement and applied to the corresponding prepayment of Certificates in the manner provided in the Trust Agreement.

In making any such determination whether to repair, replace or rehabilitate the Leased Property as described above, the District may obtain, but shall not be required to obtain, at its expense, the report of an independent engineer or other independent professional consultant. Any such determination by the District shall be final.

### **Investment of Funds; Valuation of Investments**

Upon the written request of the District filed with the Trustee from time to time, moneys held by the Trustee in any fund or account under the Trust Agreement shall be invested and reinvested by the Trustee in Permitted Investments selected by the District and specified in such written request of the District, which mature not later than the date such moneys are required or estimated by the District to be required to be expended thereunder. Each written investment request of the District shall certify that such investments are Permitted Investments as required by the Trust Agreement. In the absence of any written request of the District directing the investment of uninvested moneys held by the Trustee thereunder, the Trustee shall invest such moneys in Permitted Investments specified in the letter of authorization and direction executed by the District to the Trustee. If no specific money market fund has been specified by the District, the Trustee shall make a request to the District for investment directions. Such moneys shall be held in cash, uninvested, until specific investment directions are provided by the District to the Trustee. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by the Trust Agreement. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Whenever in the Trust Agreement any moneys are required to be transferred by the District to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. For purposes of acquiring

any investments thereunder, the Trustee may commingle funds held by it under the Trust Agreement upon the written request of the District. .

### **Events of Default and Remedies of Certificate Owners**

Notice of Default; Remedies. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, then the Trustee shall promptly give written notice thereof to the Owner of each Outstanding Certificate within thirty days by first class mail, postage prepaid, unless such Event of Default shall have been cured before the giving of such notice; provided, however that unless such Event of Default consists of the failure by the District to make any Lease Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Certificate Owners or that it is otherwise not in the best interests of the Certificate Owners to give such notice.

If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, at the written direction of the Owners of a majority in aggregate value of the Certificates then Outstanding shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however,* that notwithstanding anything in the Trust Agreement or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Application of Funds. Any amounts collected by the Trustee in an event of default are required to be applied, first, to the payment of the fees and expenses of the Trustee incurred in connection with such event of default, and, second, to the payment of the whole amount of the amount then owing and unpaid with respect to the Certificates, together with interest on the overdue value and installments of interest at the rate of 10% per annum as set forth in the Lease (provided that such interest on overdue installments shall be paid only to the extent funds are available therefor following payment of value and interest on overdue principal, as aforesaid, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such value without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Upon an event of default, the Trustee has a first lien on the amounts held under the Trust Agreement for its fees, charges and expenses.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written direction of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power granted in the Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties under the Trust Agreement.

Non-waiver. Nothing in the Trust Agreement or in the Certificates, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay or prepay the Lease

Payments as provided in the Lease. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by the Trust Agreement Trustee or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or thereafter existing, at law or in equity or by statute or otherwise. In the event any remedial action shall be discontinued or abandoned, the Trustee and the Certificate Owners shall be restored to their former positions.

### **Amendment of Trust Agreement**

The Trust Agreement may be amended by agreement among the parties thereto without the consent of the Owners of the Certificates, but only (a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved to the Corporation or the District, (b) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement, (c) in any respect whatsoever in regard to questions arising thereunder, as the parties to the Trust Agreement may deem necessary or desirable and which shall not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates, (d) for the purpose of conforming to or accommodating any amendment to the Lease Agreement which is permitted to be made thereto as described above, (e) to facilitate any amendment to the Lease which is permitted to be made thereto, or (f) if and to the extent permitted in the opinion of Bond Counsel filed with the Trustee, the District and the Corporation, to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Certificates.

Any other amendment requires the approval of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, provided that no such amendment may (a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate represented thereby or extending the time of payment of interest, or reducing the amount of principal represented thereby or reducing any premium payable upon the prepayment thereof, without the express consent of the Owner of such Certificate, or (b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement, or (c) modify any of the rights or obligations of the Trustee without its written assent thereto.

### **Defeasance**

If and when the obligations represented by any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

- (a) by well and truly paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding, as and when the same become due and payable; or



(b) by depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates as more particularly described in the Lease, said security to be held by the Trustee on behalf of the District to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, pursuant to the Lease.

and if such Certificates are to be prepaid prior to the maturity thereof notice of such prepayment shall have been mailed pursuant to the Trust Agreement or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights thereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds so deposited, all sums represented thereby when due.

### **Provisions Relating to Certificate Insurance Policy**

The Trust Agreement contains terms governing the Certificate Insurance Policy, including but not limited to provisions relating to notice required to be provided to the Certificate Insurer, requirements of the Certificate Insurer with respect to defeasance, and consent required in connection with proposed amendment and supplements. The Certificate Insurer is deemed to be the sole owner of the Certificates for all purposes under the Trust Agreement, including, without limitations, for purposes of exercising remedies and approving amendments, and the Certificate Insurer is recognized as and is deemed to be a third party beneficiary of the Trust Agreement and may enforce the provisions of the Trust Agreement as if it were a party thereto. Any exercise by the Certificate Insurer of its rights is merely an exercise of the Certificate Insurer's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Certificates and such action does not evidence any position of the Certificate Insurer, affirmative or negative, as to whether the consent of the holders of the Certificates or any other person is required in addition to the consent of the Certificate Insurer.

### **Provisions Relating to Reserve Policy**

The Trust Agreement contains terms governing the Reserve Policy, including but not limited to the District's obligation to repay any draws under the Reserve Policy,

## **ASSIGNMENT AGREEMENT**

The Corporation and the Trustee will enter into the Assignment Agreement under which the Corporation assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates, all of the Corporation's rights under the Lease Agreement (subject to certain exceptions), including the right of the Corporation to receive and collect Lease Payments, its right to receive and collect proceeds of condemnation and insurance awards and the right to exercise rights and remedies of the Corporation in the Lease Agreement to enforce payments of amounts thereunder. The Trustee accepts such assignment for the purpose of securing such payments due to and rights of the Owners of the Certificates, subject to the provisions of the Trust Agreement. The Certificate Insurer is a third party beneficiary under the Assignment Agreement with all rights of a third party beneficiary.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

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**WESTMINSTER  
SCHOOL DISTRICT**

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ANNUAL FINANCIAL REPORT

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**JUNE 30, 2015**

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# WESTMINSTER SCHOOL DISTRICT

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JUNE 30, 2015

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# WESTMINSTER SCHOOL DISTRICT

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Westminster School District  
Westminster, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westminster School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the 2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Westminster School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principles***

As discussed in Note 1 and Note 15 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 13 and budgetary comparisons, other postemployment benefit, net pension liability, and District contribution information on pages 66 through 71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westminster School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the Westminster School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Westminster School District's internal control over financial reporting and compliance.

*Vavrinek, Irine, Day & Co., LLP*

Rancho Cucamonga, California  
November 30, 2015



# WESTMINSTER SCHOOL DISTRICT

## Our Vision:

*“Building tomorrow’s leaders today”*

This section of Westminster School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Westminster School District.

14121 Cedarwood Ave.

Westminster, CA

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### Superintendent

Marian Kim Phelps, Ed.D.

### Board of Trustees

Mary Mangold

Jamison Power

Amy Walsh

Penny Loomer

Khanh Nguyen

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

**Governmental Activities** - All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, user fees, interest income, Federal, State, and local grants, as well as proceeds from the general obligation bonds, finance these activities.

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

**Governmental Funds** - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

### THE DISTRICT AS A TRUSTEE

#### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities, scholarships, employee retiree benefits, and pensions. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### THE DISTRICT AS A WHOLE

#### Net Position

The District's net position was (\$30,336,227) for the fiscal year ended June 30, 2015. Of this amount, (\$85,727,226) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net positions for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

	Governmental Activities	
	2015	2014 as restated
<b>Assets</b>		
Current and other assets	\$ 47,038,653	\$ 64,752,755
Capital assets	125,753,529	121,480,760
<b>Total Assets</b>	<b>172,792,182</b>	<b>186,233,515</b>
<b>Deferred Outflows of Resources</b>	<b>6,086,854</b>	<b>5,485,946</b>
<b>Liabilities</b>		
Current liabilities	9,052,182	22,531,177
Long-term obligations	112,039,994	110,045,282
Aggregate net pension liability	69,513,734	87,095,969
<b>Total Liabilities</b>	<b>190,605,910</b>	<b>219,672,428</b>
<b>Deferred Inflows of Resources</b>	<b>18,609,353</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	38,245,133	37,351,827
Restricted	17,145,866	16,339,482
Unrestricted	(85,727,226)	(81,644,276)
<b>Total Net Position</b>	<b>\$ (30,336,227)</b>	<b>\$ (27,952,967)</b>

The (\$85,727,226) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by five percent ((\$85,727,226) compared to (\$81,644,276)).



**WESTMINSTER SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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**Net Pension Liability (NPL)**

At year-end, the District had a pension liability of \$69,513,734 as a result of implementing GASB Statement No. 68.

The District's net position decreased by \$82,481,865, as a result GASB 68 implementation. Below summarizes what our net position looks like before and after the implementation of GASB 68.

**Table 1a**

<b>Net Position</b>	<b><u>After GASB 68 Implementation</u></b>	<b><u>Before GASB 68 Implementation</u></b>
Net investment in capital assets	\$ 38,245,133	\$ 38,245,133
Restricted	17,145,866	17,145,866
Unrestricted	(85,727,226)	(3,245,361)
<b>Total Net Position</b>	<b><u>\$ (30,336,227)</u></b>	<b><u>\$ 52,145,638</u></b>

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	<b>Governmental Activities</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,892,097	\$ 2,596,999
Operating grants and contributions	23,470,485	23,467,303
Capital grants and contributions	1,694,240	-
General revenues:		
Federal and State aid not restricted	55,592,126	48,378,771
Property taxes	20,804,688	19,596,776
Other general revenues	4,204,424	1,996,840
<b>Total Revenues</b>	<b><u>107,658,060</u></b>	<b><u>96,036,689</u></b>
<b>Expenses</b>		
Instruction-related	75,845,237	66,749,404
Student support services	9,394,304	8,289,301
Administration	4,486,616	3,877,368
Plant services	7,261,665	6,548,917
Other	13,053,498	11,521,566
<b>Total Expenses</b>	<b><u>110,041,320</u></b>	<b><u>96,986,556</u></b>
<b>Change in Net Position</b>	<b><u>\$ (2,383,260)</u></b>	<b><u>\$ (949,867)</u></b>

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

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### Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$110,041,320. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$20,804,688 because the cost was paid by those who benefited from the programs (\$1,892,097) or by other governments and organizations who subsidized certain programs with grants and contributions (\$23,470,485). We paid for the remaining "public benefit" portion of our governmental activities with \$59,796,550 in State unrestricted funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: Instruction, instruction-related service, home-to-school transportation, other pupil services, administration, maintenance and operations, community services, plus other services. As discussed above, net cost shows the financial burden taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction	\$ 66,099,467	\$ 58,139,106	\$ 54,848,452	\$ 45,785,148
Instruction-related services	9,745,770	8,610,298	8,324,055	7,465,409
Home-to-school transportation	1,361,038	1,178,437	1,360,975	1,178,228
Other pupil services	8,033,266	7,110,864	2,040,745	1,284,318
Administration	4,486,616	3,877,368	3,828,074	3,139,003
Plant services	7,261,665	6,548,917	7,241,713	6,535,613
Community services	6,995,636	6,248,727	1,772,937	797,109
Other	6,057,862	5,272,839	5,261,787	4,737,426
<b>Total</b>	<b>\$ 110,041,320</b>	<b>\$ 96,986,556</b>	<b>\$ 84,678,738</b>	<b>\$ 70,922,254</b>

The major factors for increased expenditures include a four percent increase in salaries for all employees, step and column movement for employees and the purchase Chromebooks for all students' grades 3-8.

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$38,500,671, which is a decrease of \$4,247,139 from last year (Table 4).

**Table 4**

	Balances and Activity			
	July 1, 2014	Revenues	Expenditures	June 30, 2015
General Fund	\$ 15,952,149	\$ 89,750,970	\$ 89,676,183	\$ 16,026,936
Child Development Fund	1,351,152	6,163,079	5,903,439	1,610,792
Cafeteria Fund	5,745,597	5,460,867	5,184,393	6,022,071
Deferred Maintenance Fund	308,296	375	300,768	7,903
Building Fund	3,557,581	3,159,767	6,717,348	-
Capital Facilities Fund	553,103	1,647,849	1,689,658	511,294
County School Facilities Fund	2	1,695,134	1,694,240	896
Special Reserve Fund				
for Capital Outlay Projects	13,945,413	762,100	2,230,326	12,477,187
Bond Interest and Redemption Fund	1,334,517	2,701,989	2,192,914	1,843,592
<b>Total</b>	<b>\$ 42,747,810</b>	<b>\$ 111,342,130</b>	<b>\$ 115,589,269</b>	<b>\$ 38,500,671</b>

The primary reasons for these changes are:

1. Construction costs have expended all Measure O funding in the Building Fund.
2. The Deferred Maintenance Fund no longer receives General Fund matching funds and will continue to decline as we continue necessary projects.

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 66).

- Revenue and expenditure revisions made to the 2014-2015 Budget were due to changes in State and Federal funding that occurred after the adoption of the original budget. Expenditure adjustments occur as categorical carry over funds are spent, changes in staffing occur throughout the year as well implementation of Board priorities.

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

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### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2015, the District had \$125,753,529 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$4,272,769, or 3.5 percent, from last year (Table 5).

**Table 5**

	Governmental Activities	
	2015	2014
Land and construction in progress	\$ 3,433,851	\$ 71,813,955
Buildings and improvements	115,438,681	44,512,232
Equipment	6,880,997	5,154,573
<b>Total</b>	<b>\$ 125,753,529</b>	<b>\$ 121,480,760</b>

This year's major additions included:

Johnson Middle School Expansion	\$ 2,463,575
Stacey Middle School Expansion	425,838
Warner Middle School Expansion	4,630,228
<b>Total</b>	<b>\$ 7,519,641</b>

#### Long-Term Obligations

At the end of this year, the District had \$112,039,994 in long-term obligations versus \$110,045,282 last year, an increase of 1.8 percent. Those long-term obligations consisted of:

**Table 6**

	Governmental Activities	
	2015	2014
General obligation bonds (net of premium)	\$ 85,755,191	\$ 83,439,091
Certificates of participation (net of discount)	14,782,143	15,235,414
Certificates of participation (Qualified Zone Academy Bonds)	7,500,000	7,500,000
Accumulated vacation - net	995,620	943,165
Other postemployment benefits (OPEB)	3,007,040	2,198,803
Supplemental early retirement plan	-	728,809
<b>Total</b>	<b>\$ 112,039,994</b>	<b>\$ 110,045,282</b>

# WESTMINSTER SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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### SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW

- The district implemented a 1:1 device program by purchasing Chromebook computers for every student in Grades 3-8. Devices for Middle school students included carrying cases as students are allowed to take home the Chromebook each night to do homework on.
- The combination of an increased economy for the State of California and the creation of the new Local Control Funding Formula has generated more funding for the Westminster School District. The new funding requires a Local Control Accountability Plan (LCAP) which directs how the district prioritizes the funding received. The ongoing funding increases allowed the district to provide an ongoing four percent salary increase to all employees.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2015-2016 year, the governing board and management followed the approved budget guidelines and used the following criteria:

The key assumptions in our revenue forecast are:

1. Department of Finance growth factor for the Local Control Funding Formula (LCFF).
2. Federal and State categorical revenue projections based on the most current information available.

Expenditures are based on the following forecasts:

	<u>Staffing Ratio</u>	<u>Enrollment</u>
Transitional Kindergarten	22:1	<u>248</u>
Grades kindergarten through second	24:1	<u>3,136</u>
Grade three	28:1	<u>1,007</u>
Elementary grades four through six	30:1	<u>2,491</u>
Middle school grades six through eight	27.5:1	<u>2,566</u>

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Westminster School District, 14121 Cedarwood Avenue, Westminster, California, 92683, or e-mail at twold@wsdk8.us.

# WESTMINSTER SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2015

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Deposits and investments	\$ 42,364,997
Receivables	4,601,420
Prepaid expenses	3,560
Stores inventories	68,676
Capital assets	
Land and construction in progress	3,433,851
Other capital assets	167,681,775
Less: accumulated depreciation	(45,362,097)
Total Capital Assets	125,753,529
<b>Total Assets</b>	<b>172,792,182</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	445,632
Current year pension contribution	5,641,222
<b>Total Deferred Outflows of Resources</b>	<b>6,086,854</b>
<b>LIABILITIES</b>	
Accounts payable	8,426,066
Accrued interest payable	514,200
Unearned revenue	111,916
Current portion of long-term obligations other than pensions	1,525,000
Noncurrent portion of long-term obligations other than pensions	110,514,994
Total Long-Term Obligations	112,039,994
Aggregate net pension liability	69,513,734
<b>Total Liabilities</b>	<b>190,605,910</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Difference between projected and actual earnings on pension plan investments	18,609,353
<b>NET POSITION</b>	
Net investment in capital assets	38,245,133
Restricted for:	
Debt service	5,823,309
Capital projects	509,155
Educational programs	3,247,400
Other activities	7,566,002
Unrestricted	(85,727,226)
<b>Total Net Position</b>	<b>\$ (30,336,227)</b>

The accompanying notes are an integral part of these financial statements.

**WESTMINSTER SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
<b>Governmental Activities:</b>					
Instruction	\$ 66,099,467	\$ 1,754	\$ 11,249,261	\$ 1,694,240	\$ (53,154,212)
Instruction-related activities:					
Supervision of instruction	4,134,600	-	1,041,510	-	(3,093,090)
Instructional library, media, and technology	603,987	-	-	-	(603,987)
School site administration	5,007,183	-	380,205	-	(4,626,978)
Pupil services:					
Home-to-school transportation	1,361,038	-	63	-	(1,360,975)
Food services	5,001,653	600,883	4,320,355	-	(80,415)
All other pupil services	3,031,613	4,562	1,066,721	-	(1,960,330)
Administration:					
Data processing	1,381,522	-	-	-	(1,381,522)
All other administration	3,105,094	72,309	586,233	-	(2,446,552)
Plant services	7,261,665	-	19,952	-	(7,241,713)
Community services	6,995,636	845,808	4,376,891	-	(1,772,937)
Interest on long-term obligations	5,258,850	-	-	-	(5,258,850)
Other outgo	799,012	366,781	429,294	-	(2,937)
<b>Total Governmental Activities</b>	<b>\$ 110,041,320</b>	<b>\$ 1,892,097</b>	<b>\$ 23,470,485</b>	<b>\$ 1,694,240</b>	<b>(82,984,498)</b>
General revenues and subventions:					
					17,142,655
					1,837,901
					1,824,132
					55,592,126
					98,587
					4,105,837
					<b>80,601,238</b>
					<b>(2,383,260)</b>
					<b>(27,952,967)</b>
					<b>\$ (30,336,227)</b>

The accompanying notes are an integral part of these financial statements.

**WESTMINSTER SCHOOL DISTRICT**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	<b>General Fund</b>	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 20,630,827	\$ 2,267,992	\$ 5,751,568
Receivables	3,418,301	331,337	844,238
Due from other funds	842,874	33,150	5,852
Prepaid expenditures	2,810	750	-
Stores inventories	3,465	-	65,211
<b>Total Assets</b>	<b>\$ 24,898,277</b>	<b>\$ 2,633,229</b>	<b>\$ 6,666,869</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 7,642,140	\$ 475,387	\$ 276,212
Due to other funds	1,189,818	544,909	298,194
Unearned revenue	39,383	2,141	70,392
<b>Total Liabilities</b>	<b>8,871,341</b>	<b>1,022,437</b>	<b>644,798</b>
<b>Fund Balances:</b>			
Nonspendable	106,275	750	66,111
Restricted	7,757,384	1,610,042	5,955,960
Committed	-	-	-
Assigned	1,546,926	-	-
Unassigned	6,616,351	-	-
<b>Total Fund Balances</b>	<b>16,026,936</b>	<b>1,610,792</b>	<b>6,022,071</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,898,277</b>	<b>\$ 2,633,229</b>	<b>\$ 6,666,869</b>

The accompanying notes are an integral part of these financial statements.



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<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 11,761,475	\$ 1,953,135	\$ 42,364,997
7,245	299	4,601,420
723,872	441,283	2,047,031
-	-	3,560
-	-	68,676
<u>\$ 12,492,592</u>	<u>\$ 2,394,717</u>	<u>\$ 49,085,684</u>
\$ 1,295	\$ 31,032	\$ 8,426,066
14,110	-	2,047,031
-	-	111,916
<u>15,405</u>	<u>31,032</u>	<u>10,585,013</u>
-	-	173,136
12,477,187	2,354,886	30,155,459
-	7,903	7,903
-	896	1,547,822
-	-	6,616,351
<u>12,477,187</u>	<u>2,363,685</u>	<u>38,500,671</u>
<u>\$ 12,492,592</u>	<u>\$ 2,394,717</u>	<u>\$ 49,085,684</u>

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**WESTMINSTER SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

<b>Total Fund Balance - Governmental Funds</b>	<b>\$ 38,500,671</b>
<b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is:	\$ 171,115,626
Accumulated depreciation is:	<u>(45,362,097)</u>
Net Capital Assets	125,753,529
Expenditures relating to issuance of debt of next fiscal year were recognized on the modified accrual basis, but are not recognized on the accrual basis.	445,632
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.	5,641,222
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.	(514,200)
The difference between projected and actual pension plan investment earnings are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.	(18,609,353)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.	(69,513,734)
Long-term obligations, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term obligations at year-end consist of:	
General obligation bonds	(75,219,351)
Premium on issuance of general obligation bonds	(2,503,191)
2006 Refunding Certificates of Participation	(14,910,000)
Discount on issuance of refunding certificates of participation	127,857
2003 Certificates of Participation (Qualified Zone Academy Bonds)	(5,000,000)
2007 Certificates of Participation (Qualified Zone Academy Bonds)	(2,500,000)
Accumulated vacation - net	(995,620)
Other postemployment benefits (OPEB)	(3,007,040)
In addition, the District has issued "capital appreciation" general obligation bonds. The accretion of interest on the general obligation bonds to date is:	<u>(8,032,649)</u>
Total Long-Term Obligations	<u>(112,039,994)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u><u>\$ (30,336,227)</u></u></b>

The accompanying notes are an integral part of these financial statements.

# WESTMINSTER SCHOOL DISTRICT

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Child Development Fund	Cafeteria Fund
<b>REVENUES</b>			
Local Control Funding Formula	\$ 70,680,577	\$ -	\$ -
Federal sources	5,856,613	447,338	4,505,461
Other State sources	6,611,547	3,124,850	330,098
Other local sources	6,174,868	2,590,891	625,308
<b>Total Revenues</b>	<u>89,323,605</u>	<u>6,163,079</u>	<u>5,460,867</u>
<b>EXPENDITURES</b>			
Current			
Instruction	61,705,256	-	-
Instruction-related activities:			
Supervision of instruction	4,044,585	-	-
Instructional library, media and technology	569,600	-	-
School site administration	4,859,566	-	-
Pupil services:			
Home-to-school transportation	1,150,653	-	-
Food services	-	89,172	4,960,137
All other pupil services	2,969,363	1,142	-
Administration:			
Data processing	1,530,015	-	-
All other administration	3,184,882	284,098	224,256
Plant services	6,732,899	-	-
Facility acquisition and construction	37,737	-	-
Community services	1,368,743	5,529,027	-
Other outgo	799,012	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
<b>Total Expenditures</b>	<u>88,952,311</u>	<u>5,903,439</u>	<u>5,184,393</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>371,294</u>	<u>259,640</u>	<u>276,474</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	427,365	-	-
Transfers out	(723,872)	-	-
<b>Net Financing Sources (Uses)</b>	<u>(296,507)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	74,787	259,640	276,474
<b>Fund Balances - Beginning</b>	<u>15,952,149</u>	<u>1,351,152</u>	<u>5,745,597</u>
<b>Fund Balances - Ending</b>	<u>\$ 16,026,936</u>	<u>\$ 1,610,792</u>	<u>\$ 6,022,071</u>

The accompanying notes are an integral part of these financial statements.

Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 70,680,577
-	-	10,809,412
-	1,708,901	11,775,396
38,228	4,397,761	13,827,056
<u>38,228</u>	<u>6,106,662</u>	<u>107,092,441</u>
-	-	61,705,256
-	-	4,044,585
-	-	569,600
-	-	4,859,566
-	-	1,150,653
-	-	5,049,309
-	-	2,970,505
-	-	1,530,015
-	11,570	3,704,806
216,723	142,380	7,092,002
609,391	6,922,920	7,570,048
-	-	6,897,770
-	-	799,012
-	1,555,000	1,555,000
-	1,841,453	1,841,453
<u>826,114</u>	<u>10,473,323</u>	<u>111,339,580</u>
<u>(787,886)</u>	<u>(4,366,661)</u>	<u>(4,247,139)</u>
723,872	3,098,452	4,249,689
(1,404,212)	(2,121,605)	(4,249,689)
<u>(680,340)</u>	<u>976,847</u>	<u>-</u>
(1,468,226)	(3,389,814)	(4,247,139)
13,945,413	5,753,499	42,747,810
<u>\$ 12,477,187</u>	<u>\$ 2,363,685</u>	<u>\$ 38,500,671</u>

**WESTMINSTER SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015**

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**Total Net Change in Fund Balances - Governmental Funds** **\$ (4,247,139)**

**Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 7,955,781	
Depreciation expense	(3,683,012)	
Net expense adjustment		4,272,769

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Early retirement benefits paid were \$728,809. Vacation earned was more than the amounts used by \$52,455.

676,354

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.

(414,610)

Contributions for postemployment benefits are recorded as an expense in the governmental funds when paid. However, the difference between the annual required contribution and the actual contribution made, if less, is recorded in the government-wide statements as an expense. The actual amount of the contribution was less than the annual required contribution.

(808,237)

Repayment of debt obligation is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	1,095,000
Certificates of participation	460,000

The accompanying notes are an integral part of these financial statements.

**WESTMINSTER SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued) FOR THE YEAR ENDED JUNE 30, 2015**

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Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:

Amortization of debt premium	\$ 98,072	
Amortization of debt discount	(6,729)	
Amortization of deferred charge on refunding	<u>(11,600)</u>	
Combined adjustment		\$ 79,743

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and refunding certificates of participation decrease by \$12,032, and second, \$3,509,172 of accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(3,497,140)

**Change in Net Position of Governmental Activities**

\$ (2,383,260)

The accompanying notes are an integral part of these financial statements.

**WESTMINSTER SCHOOL DISTRICT**

**FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Deposits and investments	\$ 152,827
Stores inventories	24,844
<b>Total Assets</b>	<u>\$ 177,671</u>
 <b>LIABILITIES</b>	
Due to student groups	<u>\$ 177,671</u>

The accompanying notes are an integral part of these financial statements.



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Financial Reporting Entity**

The Westminster School District (the District) was organized in 1872 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District operates thirteen elementary schools, three middle schools, a child care program, and a special programs center.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Westminster School District, this includes general operations, food service, and student related activities of the District.

#### **Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus is included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Westminster School District and the Westminster School District Financing Corporation (the Corporation), as represented by the 2007 Certificates of Participation (Qualified Zone Academy Bonds), the 2006 Refunding Certificates of Participation, and the 2003 Certificates of Participation (Qualified Zone Academy Bonds), have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. The financial activity of the Corporation with respect to the 2006 Refunding Certificates of Participation is presented in the financial statements within the Capital Facilities Fund. The financial activity of the Corporation with respect to the 2007 and 2003 Certificates of Participation (Qualified Zone Academy Bonds) is presented in the financial statements within the General Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually-prepared financial statements are not prepared for the Westminster School District Financing Corporation.

#### **Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

### Major Governmental Funds

**General Fund** The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

**Child Development Fund** The Child Development Fund is used to account separately for federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

**Cafeteria Fund** The Cafeteria Fund is used to account separately for federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

**Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

### Non-Major Governmental Funds

**Special Revenue Funds** The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

**Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

**Capital Project Funds** The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

**Building Fund** The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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**Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

**County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 School Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

**Debt Service Funds** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term obligations.

**Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

**Fiduciary Funds** Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Trust funds are used to account for the assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

### **Basis of Accounting - Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business type activities of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

**Fund Financial Statements** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

**Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

**Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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**Revenues – Exchange and Non-Exchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

### Investments

Investments held at June 30, 2015, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### **Stores Inventories**

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental and fiduciary funds when used.

### **Capital Assets and Depreciation**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; improvements, ten to 20 years; equipment, five to ten years.

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due from other funds/due to other funds". These amounts are eliminated in the governmental activities columns of the Statement of Net Position.

### **Compensated Absences**

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

### **Debt Issuance Costs, Premiums and Discounts**

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for the unamortized loss on the refunding of general obligation bonds and current year pension contributions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Pensions

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

### Fund Balances - Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

**Unassigned** - all other spendable amounts.

### Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

### Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$17,145,866 of restricted net position.

### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

### Estimates

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

### Budgetary Data

The budgetary process is prescribed by provisions of the *California Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1<sup>st</sup> of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

### Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by \$82,067,255. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

### **New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

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

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

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This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

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

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

### NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 42,364,997
Fiduciary funds	152,827
Total Deposits and Investments	<u>\$ 42,517,824</u>

Deposits and investments as of June 30, 2015, consist of the following:

Cash on hand and in banks	\$ 5,812,617
Cash in revolving	100,900
Investments	36,604,307
Total Deposits and Investments	<u>\$ 42,517,824</u>

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### **Policies and Practices**

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

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

**Investment in the State Investment Pool** - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by *California Government Code* Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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### General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### Investments Authorized Under Debt Agreement

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Financing Bank	N/A	None	None
Export-Import Bank	N/A	None	None
Rural Economic Community Development Administration	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsered Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool and LAIF and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Carrying Value	Fair Value	Maturity Date/ Average Maturity in Days
BNP Paribas Fortis Commercial Paper	\$ 3,469,197	\$ 3,521,650	12/14/2015
Wells Fargo Government Money Market Service Funds	3,035	3,035	25
Wells Fargo 100% Treasury Money Market Funds	1,199,565	1,199,565	49
Orange County Treasury Investment Pool	22,827,203	22,841,254	370
Local Agency Investment Fund (LAIF)	9,105,307	9,108,730	239
Total	<u>\$ 36,604,307</u>	<u>\$ 36,674,234</u>	

### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the Orange County Treasury Investment Pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2015. The Wells Fargo Government Money Market Service Funds and Wells Fargo 100 percent Treasury Money Market Funds are rated AAAM by Standard and Poor's rating services. The BNP Paribas Fortis Commercial Paper is rated A-1 by Standard and Poor's rating services.

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. As of June 30, 2015, investments in BNP Paribas Fortis Commercial Paper represent 9.5 percent of the total investments.

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District was exposed to \$5,176,424 of custodial credit risk, as these funds were uninsured and not collateralized.

**Custodial Credit Risk - Investments**

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in possession of an outside party. Of the investment in the BNP Paribas Fortis Commercial Paper, the District has a custodial credit risk exposure of \$3,469,197 (fair value of \$3,521,650) because the related securities are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the name of the District.

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2015, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government						
Categorical aid	\$ 1,463,010	\$ 24,861	\$ 782,939	\$ -	\$ -	\$ 2,270,810
State Government						
Categorical aid	130,058	216,500	59,778	-	-	406,336
Lottery	853,270	-	-	-	-	853,270
SELPA	889,472	-	-	-	-	889,472
Local Government						
Interest	6,414	1,015	263	7,245	299	15,236
Other Local Sources	76,077	88,961	1,258	-	-	166,296
Total	<u>\$ 3,418,301</u>	<u>\$ 331,337</u>	<u>\$ 844,238</u>	<u>\$ 7,245</u>	<u>\$ 299</u>	<u>\$ 4,601,420</u>

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,433,851	\$ -	\$ -	\$ 3,433,851
Construction in Progress	68,380,104	-	68,380,104	-
Total Capital Assets Not Being Depreciated	71,813,955	-	68,380,104	3,433,851
Capital Assets Being Depreciated:				
Land Improvements	7,536,785	136,518	-	7,673,303
Buildings and Improvements	71,982,171	73,710,585	-	145,692,756
Furniture and Equipment	11,826,934	2,488,782	-	14,315,716
Total Capital Assets Being Depreciated	91,345,890	76,335,885	-	167,681,775
Total Capital Assets	163,159,845	76,335,885	68,380,104	171,115,626
Less Accumulated Depreciation:				
Land Improvements	6,558,282	133,524	-	6,691,806
Buildings and Improvements	28,448,442	2,787,130	-	31,235,572
Furniture and Equipment	6,672,361	762,358	-	7,434,719
Total Accumulated Depreciation	41,679,085	3,683,012	-	45,362,097
Governmental Activities Capital Assets, Net	<u>\$ 121,480,760</u>	<u>\$ 72,652,873</u>	<u>\$ 68,380,104</u>	<u>\$ 125,753,529</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

<b>Governmental Activities</b>	
Instruction	\$ 3,085,096
Supervision of instruction	4,404
Instructional library, media, and technology	24,461
School site administration	41,215
Home-to-school transportation	194,411
Food services	82,523
Data processing	48,660
All other administration	82,662
Plant services	119,580
Total Depreciation Expenses Governmental Activities	<u>\$ 3,683,012</u>

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5 - INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances at June 30, 2015, between major and non-major governmental funds, are as follows:

Due To	Due From				Total
	General Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	
General Fund	\$ -	\$ 544,680	\$ 298,194	\$ -	\$ 842,874
Child Development Fund	33,150	-	-	-	33,150
Cafeteria Fund	5,623	229	-	-	5,852
Special Reserve Fund for Capital Outlay Projects	723,872	-	-	-	723,872
Non-Major Governmental Funds	427,173	-	-	14,110	441,283
<b>Total</b>	<b>\$ 1,189,818</b>	<b>\$ 544,909</b>	<b>\$ 298,194</b>	<b>\$ 14,110</b>	<b>\$ 2,047,031</b>

A balance of \$33,150 is due from the General Fund to the Child Development Fund for program related services, summer pay and benefits adjustment.

A balance of \$5,623 is due from the General Fund to the Cafeteria Fund for benefits adjustment, catering services and bank fees.

A balance of \$723,872 is due from the General Fund to the Special Reserve Fund for Capital Outlay Projects for contributions for future payments related to the energy project.

A balance of \$427,173 is due from the General Fund to the Capital Facilities Non-Major Governmental Fund for RDA pass through.

A balance of \$14,110 is due from the Special Reserve Fund for Capital Outlay Projects to the Building Non-Major Governmental Fund for reimbursement of modernization projects.

A balance of \$260,582 is due from the Child Development Fund to the General Fund for payroll, benefits, and other operating expenditures.

A balance of \$284,098 is due from the Child Development Fund to the General Fund for indirect costs.

A balance of \$229 is due from the Child Development Fund to the Cafeteria Fund for catering services and bank fees.

A balance of \$74,104 is due from the Cafeteria Fund to the General Fund for payroll, benefits, and other operating expenditures.

A balance of \$224,090 is due from the Cafeteria Fund to the General Fund for indirect costs.

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Operating Transfers**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ 427,365	\$ 427,365
Special Reserve Fund For Capital Outlay Projects	723,872	-	-	723,872
Non-Major Governmental Funds	-	1,404,212	1,694,240	3,098,452
<b>Total</b>	<b>\$ 723,872</b>	<b>\$ 1,404,212</b>	<b>\$ 2,121,605</b>	<b>\$ 4,249,689</b>

The General Fund transferred \$723,872 to the Special Reserve Fund for Capital Outlay Projects for contributions for future payments related to the energy project.

The Special Reserve Fund for Capital Outlay Projects transferred \$1,404,212 to the Building Non-Major Governmental Fund for reimbursement of modernization projects.

The Capital Facilities Non-Major Governmental Fund transferred \$427,365 to the General Fund for the QZAB sinking fund payment.

The County School Facilities Non-Major Governmental Fund transferred \$1,694,240 to the Building Non-Major Governmental Fund for reimbursement of OPSC modernization projects.

**NOTE 6 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2015, consisted of the following:

	General Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 5,814,542	\$ 463,732	\$ 221,645	\$ -	\$ -	\$ 6,499,919
LCFF apportionment	771,193	-	-	-	-	771,193
Supplies and services	755,546	10,695	53,229	1,295	31,032	851,797
Capital outlay	140,683	-	-	-	-	140,683
Other vendor payables	160,176	960	1,338	-	-	162,474
<b>Total</b>	<b>\$ 7,642,140</b>	<b>\$ 475,387</b>	<b>\$ 276,212</b>	<b>\$ 1,295</b>	<b>\$ 31,032</b>	<b>\$ 8,426,066</b>

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 7 - UNEARNED REVENUE**

Unearned revenue at June 30, 2015, consisted of the following:

	General Fund	Child Development Fund	Cafeteria Fund	Total
Federal financial assistance	\$ 39,383	\$ -	\$ -	\$ 39,383
State categorical aid	-	2,141	-	2,141
Other local	-	-	70,392	70,392
Total	<u>\$ 39,383</u>	<u>\$ 2,141</u>	<u>\$ 70,392</u>	<u>\$ 111,916</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

**Summary**

The changes in the District's long-term obligations during the year consisted of the following:

	Balance			Balance	Due in
	July 1, 2014	Additions	Deductions	June 30, 2015	One Year
General Obligation Bonds	\$ 80,837,828	\$ 3,509,172	\$ 1,095,000	\$ 83,252,000	\$ 1,045,000
Premium on issuance	2,601,263	-	98,072	2,503,191	-
2006 Refunding Certificates of Participation	15,370,000	-	460,000	14,910,000	480,000
Discount on issuance	(134,586)	-	(6,729)	(127,857)	-
2003 Certificates of Participation - Qualified Zone Academy Bonds	5,000,000	-	-	5,000,000	-
2007 Certificates of Participation - Qualified Zone Academy Bonds	2,500,000	-	-	2,500,000	-
Accumulated vacation - net	943,165	52,455	-	995,620	-
Other postemployment benefits (OPEB)	2,198,803	1,366,717	558,480	3,007,040	-
Supplemental early retirement plan (SERP)	728,809	-	728,809	-	-
Total	<u>\$ 110,045,282</u>	<u>\$ 4,928,344</u>	<u>\$ 2,933,632</u>	<u>\$ 112,039,994</u>	<u>\$ 1,525,000</u>



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

Payments on the General Obligation Bonds will be made by the Bond Interest and Redemption Fund with local revenues. Payments on the Bond Anticipation Notes will be made with debt proceeds from the issuance of general obligation bonds. Payments on the 2006 Refunding Certificates of Participation are made by the Capital Facilities Fund. The General Fund will make the payment for the Supplemental Early Retirement Plan. Accrued vacation will be paid by the fund for which the employee worked. Other postemployment benefits will be paid by the General Fund.

### Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2014	Accreted	Redeemed	Outstanding June 30, 2015
9/24/2009	8/1/2034	0.75-5.79%	34,995,681	\$ 36,265,704	\$ 843,666	\$ 815,000	\$ 36,294,370
3/28/2013	8/1/2052	0.60-5.70%	20,998,754	22,099,022	1,376,962	210,000	23,265,984
12/5/2013	8/1/2053	0.30-7.15%	22,324,916	22,473,102	1,288,544	70,000	23,691,646
				<u>\$ 80,837,828</u>	<u>\$ 3,509,172</u>	<u>\$ 1,095,000</u>	<u>\$ 83,252,000</u>

### 2008 General Obligation Bonds, Series 2009A-1

In September 2009, the District issued the \$34,995,681 Election of 2008 General Obligation Bonds, Series 2009A-1. The Series 2009A-1 bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$15,154,319, and an aggregate principal debt service balance of \$50,150,000. The bonds have a final maturity of August 1, 2034, with interest rate yields of 0.75 to 5.79 percent. Proceeds from the sale of the bonds will be used to finance the acquisition, construction, modernization, and equipping of certain District schools, sites, and facilities and to pay the cost of issuing the bonds. At June 30, 2015, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2009A-1 was \$36,294,370. Unamortized premium as of June 30, 2015, was \$1,247,624.

### 2008 General Obligation Bond, Series 2013A

In March 2013, the District issued \$20,998,754 Election of 2008 General Obligation Bonds, Series 2013A. The Series 2013A bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$45,656,246, and an aggregate principal debt service balance of \$66,655,000. The bonds have a final maturity of August 1, 2052, with interest rate yields of 0.60 to 5.7 percent. Proceeds from the sale of the bonds will be used to pay the Westminster School District General Obligation Bond Anticipation Notes, 2008 Election, Series A on their maturity date; and to finance the acquisition, construction, modernization, and equipping of certain District schools, sites, and facilities and to pay the cost of issuing the bonds. At June 30, 2015, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2013A was \$23,265,984, and unamortized premium was \$1,255,567.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### 2008 General Obligation Bond, Series 2013B

In December 2013, the District issued \$22,324,916 Election of 2008 General Obligation Bonds, Series 2013B. The Series 2013B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$105,482,744, and an aggregate principal debt service balance of \$127,807,659. The bonds have a final maturity of August 1, 2053, with interest rate yields of 0.30 to 7.15 percent. Proceeds from the sale of the bonds will be used to pay the Westminster School District General Obligation Bond Anticipation Notes, 2008 Election, Series B on their maturity date; and to finance certain school facilities projects, and facilities and to pay the cost of issuing the bonds. At June 30, 2015, the principal balance outstanding of the 2008 General Obligation Bonds, Series 2013B was \$23,691,646 and deferred charge on refunding was \$445,632.

The Bonds mature through 2053 as follows:

Year Ending, June 30,	Principal Including Accreted Interest To Date	Accreted Interest	Current Interest	Total
2016	\$ 1,014,322	\$ 30,678	\$ 1,097,213	\$ 2,142,213
2017	1,172,964	87,036	1,093,613	2,353,613
2018	1,338,833	161,167	1,093,613	2,593,613
2019	1,400,565	314,435	1,090,463	2,805,463
2020	1,533,094	376,906	1,090,463	3,000,463
2021-2025	8,220,438	4,309,562	5,452,313	17,982,313
2026-2030	9,313,336	9,951,664	5,280,488	24,545,488
2031-2035	23,283,538	6,361,462	4,904,375	34,549,375
2036-2040	7,209,442	21,221,056	16,071,733	44,502,231
2041-2045	8,673,812	33,722,002	14,186,084	56,581,898
2046-2050	10,828,951	41,075,628	9,579,844	61,484,423
2051-2052	9,262,705	40,649,063	1,945,263	51,857,031
Total	\$ 83,252,000	\$ 158,260,659	\$ 62,885,465	\$ 304,398,124

### 2006 Refunding Certificates of Participation

In June 2006, the District issued the 2006 Refunding Certificates of Participation in the amount of \$17,790,000. The Certificates were issued at an aggregate price of \$17,186,253 (representing the principal amount of \$17,790,000 less discount on issuance of \$188,419 and less issuance costs of \$415,328). The Certificates have a final maturity date of December 1, 2034, with interest rates ranging from 4.00 to 4.85 percent. Proceeds from the Certificates were used to provide funds to prepay and defease the District's 2004 Certificates of Participation, with any residual amounts to be used to finance the cost of acquisition and improvement of certain school facilities. As of June 30, 2015, the principal balance outstanding was \$14,910,000, and unamortized discount was \$127,857.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The certificates mature through 2035 as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 480,000	\$ 674,739	\$ 1,154,739
2017	500,000	654,889	1,154,889
2018	520,000	633,719	1,153,719
2019	540,000	611,189	1,151,189
2020	565,000	587,219	1,152,219
2021-2025	3,215,000	2,527,205	5,742,205
2026-2030	4,025,000	1,696,350	5,721,350
2031-2035	5,065,000	624,031	5,689,031
Total	<u>\$ 14,910,000</u>	<u>\$ 8,009,341</u>	<u>\$ 22,919,341</u>

### 2007 Certificates of Participation (Qualified Zone Academy Bonds)

In December 2007, the District, pursuant to a sublease agreement with Westminster School District Financing Corporation (the Corporation), issued \$2,500,000 Certificates of Participation, 2007 Series A (Qualified Zone Academy Bonds). The Certificates were issued at an aggregate price of \$2,413,900 (representing the principal amount of \$2,500,000 less issuance costs of \$86,100). The District has been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$2,500,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance the District's Education Technology Plan. The District and the Corporation, in order to facilitate the financing of project under the QZAB Program, entered into a lease agreement by which the District will lease to the Corporation those certain parcels of real property located within the District and pursuant to a sublease, the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation. The annual base rental payment of \$166,667 plus interest will be deposited with Wells Fargo Bank until the Certificates mature in December 2022, at which point the funds deposited will be used to repay the \$2,500,000. At June 30, 2015, the principal balance outstanding was \$2,500,000.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### **2003 Certificates of Participation (Qualified Zone Academy Bonds)**

In December 2003, the District, pursuant to a sublease agreement with Westminster School District Financing Corporation (the Corporation), issued \$5,000,000 Certificates of Participation, 2003 Series A (Qualified Zone Academy Bonds). The Certificates were issued at an aggregate price of \$4,935,000 (representing the principal amount of \$5,000,000 less issuance costs of \$65,000). The District has been granted authorization from the State Superintendent of Public Instruction to issue securities in an aggregate principal amount not to exceed \$5,000,000 in accordance with the qualified zone academy bonds tax credit program found in Section 1397E of the Internal Revenue Code of 1986 and State regulations, to finance the District's Education Technology Plan. The District and the Corporation, in order to facilitate the financing of project under the QZAB Program, entered into a lease agreement by which the District will lease to the Corporation those certain parcels of real property located within the District and pursuant to a sublease, the Corporation will sublease the property to the District, with the District required to pay base rental to the Corporation. The annual base rental payment of \$260,698 will be deposited with Wells Fargo Bank into an interest generating investment to produce sufficient income to repay the \$5,000,000 Certificates upon maturity in December 2018. At June 30, 2015, the principal balance outstanding was \$5,000,000.

### **Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2015, amounted to \$995,620.

### **Other Postemployment Benefits (OPEB) Obligation**

The District's annual required contribution for the year ended June 30, 2015, was \$1,405,922, and contributions made by the District during the year were \$558,480. Interest on the net OPEB obligation and adjustments to the annual required contribution were \$87,952 and (\$127,157), respectively, which resulted in an increase to the net OPEB obligation of \$808,237. As of June 30, 2015, the net OPEB obligation was \$3,007,040. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefits plan.

### **Supplemental Early Retirement Plan (SERP)**

During the 2009-2010 school year, the District adopted a supplemental retirement plan whereby certain eligible certificated and classified management employees and certain certificated and classified non-management employees are provided an annuity to supplement the retirement benefits they are entitled to from their retirement system. The criteria for employee participation were as follows: an employee of the District, who is at least 55 years of age with at least five years of service to the District or is at least 50 years of age with 30 years of service to the District as of June 30, 2010, and who retired under CalSTRS/CalPERS as of June 30, 2010. The annuities offered to the employees are to be paid over a five-year period. The annuities, for the 73 employees who retired during the 2009-2010 school year were purchased from Pacific Life Insurance Company. As of June 30, 2015, the balance of the obligation associated with the supplemental early retirement plan was fully defeased.

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 9 - FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
<b>Nonspendable</b>						
Revolving cash	\$ 100,000	\$ -	\$ 900	\$ -	\$ -	\$ 100,900
Stores inventories	3,465	-	65,211	-	-	68,676
Prepaid expenditures	2,810	750	-	-	-	3,560
Total Nonspendable	106,275	750	66,111	-	-	173,136
<b>Restricted</b>						
Legally restricted	7,757,384	1,610,042	5,955,960	-	-	15,323,386
Capital projects	-	-	-	-	511,294	511,294
Debt services	-	-	-	12,477,187	1,843,592	14,320,779
Total Restricted	7,757,384	1,610,042	5,955,960	12,477,187	2,354,886	30,155,459
<b>Committed</b>						
Deferred maintenance program	-	-	-	-	7,903	7,903
Total Committed	-	-	-	-	7,903	7,903
<b>Assigned</b>						
Facility maintenance	715,000	-	-	-	-	715,000
Technology sustainability	500,000	-	-	-	-	500,000
Saturday school	123,590	-	-	-	-	123,590
Site carryover	208,336	-	-	-	-	208,336
Other	-	-	-	-	896	896
Total Assigned	1,546,926	-	-	-	896	1,547,822
<b>Unassigned</b>						
Reserve for economic uncertainties	3,585,273	-	-	-	-	3,585,273
Remaining unassigned	3,031,078	-	-	-	-	3,031,078
Total Unassigned	6,616,351	-	-	-	-	6,616,351
<b>Total</b>	<b>\$ 16,026,936</b>	<b>\$ 1,610,792</b>	<b>\$ 6,022,071</b>	<b>\$ 12,477,187</b>	<b>\$ 2,363,685</b>	<b>\$ 38,500,671</b>

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 10 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

#### Plan Description

The Postemployment Benefit Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the Westminster School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 41 retirees currently receiving benefits, 12 terminated Plan members entitled to but not yet receiving benefits, and 741 active Plan members.

#### Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the Teachers Association (WTA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014-2015, the District contributed \$558,480 to the Plan, all of which was used for current premiums (approximately 89 percent of total premiums). Plan members receiving benefits contributed \$68,955, or approximately 11 percent of the total premiums.

#### Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 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:

Annual required contribution	\$ 1,405,922
Interest on net OPEB obligation	87,952
Adjustment to annual required contribution	<u>(127,157)</u>
Annual OPEB cost (expense)	1,366,717
Contributions made	<u>(558,480)</u>
Increase in net OPEB obligation	808,237
Net OPEB obligation, beginning of year	<u>2,198,803</u>
Net OPEB obligation, end of year	<u><u>\$ 3,007,040</u></u>

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**Trend Information**

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset/obligation is as follows:

Year Ended June 30,	Annual OPEB Costs	Actual Contribution	Percentage Contributed	Net OPEB Asset/Obligation
2013	\$ 1,254,353	\$ 824,992	66%	\$ 1,348,806
2014	1,381,873	531,876	38%	2,198,803
2015	1,366,717	558,480	41%	3,007,040

**Funded Status and Funding Progress**

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
July 1, 2013	\$ -	\$ 11,473,837	\$ 11,473,837	0%	\$ 59,432,942	19%

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, presented as required supplementary information following the notes to the financial statements, 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.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Actuarial Methods and Assumptions

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.

On the July 1, 2013, actuarial valuation, the unprojected unit credit method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses), based on the plan being unfunded. Healthcare cost trend rates ranged from an initial five percent to an ultimate rate of eight percent. The cost trend rate used for the Dental and Vision programs was four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2015, was 24 years.

### NOTE 11 - RISK MANAGEMENT

#### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Northern Orange County Liability and Property Self-Insurance Authority, a joint powers authority, for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

#### Workers' Compensation

For fiscal year 2015, the District participated in the Northern Orange County Self-Funded Workers' Compensation Insurance Agency (the Agency), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

#### Employee Medical Benefits

The District has contracted with Self-Insured Schools of California (SISC III), a joint powers authority, to provide employee health and welfare benefits. SISC III is a shared risk pools comprised of several local educational agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

<u>Pension Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Deferred Outflow of Resources</u>	<u>Proportionate Share of Deferred Inflow of Resources</u>	<u>Proportionate Share of Pension Expense</u>
CalSTRS	\$ 54,192,439	\$ 3,867,432	\$ 13,344,785	\$ 4,696,709
CalPERS	15,321,294	1,773,790	5,264,568	1,359,123
Total	<u>\$ 69,513,733</u>	<u>\$ 5,641,222</u>	<u>\$ 18,609,353</u>	<u>\$ 6,055,832</u>

The details of each plan are as follows:

#### California State Teachers' Retirement System (CalSTRS)

##### **Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at:  
<http://www.calstrs.com/member-publications>.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

### Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the District's total contributions were \$3,867,432.

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	54,192,439
State's proportionate share of the net pension liability associated with the District		<u>32,723,735</u>
Total	\$	<u><u>86,916,174</u></u>

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0927 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$4,696,709. In addition, the District recognized pension expense and revenues of \$2,825,115 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,867,432	\$ -
Differences between projected and actual earnings on pension plan investments	-	13,344,785
Total	<u>\$ 3,867,432</u>	<u>\$ 13,344,785</u>

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 3,336,196
2017	3,336,196
2018	3,336,196
2019	3,336,197
Total	<u>\$ 13,344,785</u>

### Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary' investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independently from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

### Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.60%)	\$ 84,471,840
Current discount rate (7.60%)	\$ 54,192,439
1% increase (8.60%)	\$ 28,944,922

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### California Public Employees Retirement System (CalPERS)

#### Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

#### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

### Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above and the total District contributions were \$1,773,790.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$15,321,294. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 0.1350 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$1,359,123. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,773,790	\$ -
Differences between projected and actual earnings on pension plan investments	-	5,264,568
Total	<u>\$ 1,773,790</u>	<u>\$ 5,264,568</u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	\$ 1,316,142
2017	1,316,142
2018	1,316,142
2019	1,316,142
Total	<u>\$ 5,264,568</u>

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%



# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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### Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decrease (6.50%)	\$ 26,877,048
Current discount rate (7.50%)	\$ 15,321,294
1% increase (8.50%)	\$ 5,665,297

### Public Agency Retirement System (PARS)

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the PARS as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan. The District's contributions to PARS for fiscal years ending June 30, 2015, 2014, and 2013, were \$65,432, \$65,452, and \$62,603, respectively.

### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount \$2,259,496 (5.679 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments amounts reported to the in the *General Fund-Budgetary Comparison Schedule*.

**WESTMINSTER SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

**Operating Leases**

The District has entered into an operating lease for equipment with lease terms in excess of one year. The agreement does not contain a purchase option. The agreement does not allow for early termination.

Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Lease Payment
2016	\$ 156,558
2017	156,558
Total	<u>\$ 313,116</u>

Lease payments for the year ended June 30, 2015 amounted to \$399,939.

**NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS**

The District is a member of the Northern Orange County Liability and Property Self-Insurance Authority, Northern Orange County Self Funded Workers' Compensation Insurance Agency, Alameda County Schools Insurance Group, and the Self-Insured Schools of California III joint Liability, workers' compensation and health and welfare insurance coverage. The Relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

# WESTMINSTER SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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

During the year ended June 30, 2015, the District made payments of \$370,665, \$1,235,833, and \$10,417,308 to Northern Orange County Liability and Property Self-Insurance Authority, Northern Orange County Self-Funded Workers' Compensation Insurance Agency, Alameda County Schools Insurance Group, and Self-Insured Schools of California III, respectively, for its property liability, workers' compensation, and health and welfare insurance premiums.

### NOTE 15 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

#### Statement of Net Position

Net Position - Beginning	\$ 54,114,288
Inclusion of net pension liability from the adoption of GASB Statement No. 68	(87,095,969)
Inclusion of deferred outflows of resources from the adoption of GASB Statement No. 68	<u>5,028,714</u>
Net Position - Beginning as Restated	<u><u>\$ (27,952,967)</u></u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**WESTMINSTER SCHOOL DISTRICT**

**GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances -</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative) Final to Actual</b>
<b>REVENUES</b>				
Local Control Funding Formula	\$ 70,371,361	\$ 70,646,108	\$ 70,680,577	\$ 34,469
Federal sources	5,275,614	6,206,508	5,856,613	(349,895)
Other State sources	3,684,420	4,321,479	6,611,547	2,290,068
Other local sources	5,540,995	6,133,544	6,174,868	41,324
<b>Total Revenues</b> <sup>1</sup>	<b>84,872,390</b>	<b>87,307,639</b>	<b>89,323,605</b>	<b>2,015,966</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	43,961,339	43,909,658	43,790,681	118,977
Classified salaries	12,627,040	13,232,221	13,213,245	18,976
Employee benefits	16,190,019	16,083,618	18,200,446	(2,116,828)
Books and supplies	6,616,302	7,200,355	5,439,466	1,760,889
Services and operating expenditures	7,191,250	8,253,043	7,780,313	472,730
Capital outlay	3,500	237,573	237,503	70
Other outgo	388,994	341,276	290,657	50,619
<b>Total Expenditures</b> <sup>1</sup>	<b>86,978,444</b>	<b>89,257,744</b>	<b>88,952,311</b>	<b>305,433</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,106,054)</b>	<b>(1,950,105)</b>	<b>371,294</b>	<b>2,321,399</b>
<b>Other Financing Sources</b>				
Transfers in	-	-	427,365	427,365
Transfers out	-	(723,872)	(723,872)	-
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>(723,872)</b>	<b>(296,507)</b>	<b>427,365</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,106,054)</b>	<b>(2,673,977)</b>	<b>74,787</b>	<b>2,748,764</b>
<b>Fund Balances - Beginning</b>	<b>15,952,149</b>	<b>15,952,149</b>	<b>15,952,149</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 13,846,095</b>	<b>\$ 13,278,172</b>	<b>\$ 16,026,936</b>	<b>\$ 2,748,764</b>

<sup>1</sup> On behalf payments of \$2,259,496 are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

**WESTMINSTER SCHOOL DISTRICT**

**CHILD DEVELOPMENT FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>REVENUES</b>				
Federal sources	\$ 348,856	\$ 344,092	\$ 447,338	\$ 103,246
Other State sources	2,577,661	3,043,502	3,124,850	81,348
Other local sources	2,261,695	2,477,836	2,590,891	113,055
<b>Total Revenues</b>	<b>5,188,212</b>	<b>5,865,430</b>	<b>6,163,079</b>	<b>297,649</b>
<b>EXPENDITURES</b>				
Current				
Certificated salaries	1,243,251	1,280,681	1,245,919	34,762
Classified salaries	2,067,228	2,656,190	2,593,635	62,555
Employee benefits	1,227,739	1,310,956	1,310,869	87
Books and supplies	294,074	336,074	335,977	97
Services and operating expenditures	127,585	133,585	132,941	644
Capital outlay	-	-	-	-
Other outgo	249,132	284,099	284,098	1
<b>Total Expenditures</b>	<b>5,209,009</b>	<b>6,001,585</b>	<b>5,903,439</b>	<b>98,146</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(20,797)</b>	<b>(136,155)</b>	<b>259,640</b>	<b>395,795</b>
<b>Fund Balances - Beginning</b>	<b>1,351,152</b>	<b>1,351,152</b>	<b>1,351,152</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,330,355</b>	<b>\$ 1,214,997</b>	<b>\$ 1,610,792</b>	<b>\$ 395,795</b>

**WESTMINSTER SCHOOL DISTRICT**

**CAFETERIA FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual (GAAP Basis)</b>	<b>Variances - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		<b>Final to Actual</b>
<b>REVENUES</b>				
Federal sources	\$ 3,350,000	\$ 3,651,250	\$ 4,505,461	\$ 854,211
Other State sources	263,000	263,000	330,098	67,098
Other local sources	682,100	682,100	625,308	(56,792)
<b>Total Revenues</b>	<b>4,295,100</b>	<b>4,596,350</b>	<b>5,460,867</b>	<b>864,517</b>
<b>EXPENDITURES</b>				
Current				
Classified salaries	1,434,702	1,517,297	1,490,335	26,962
Employee benefits	440,459	442,908	441,760	1,148
Books and supplies	2,004,850	2,233,306	2,592,526	(359,220)
Services and operating expenditures	125,942	125,942	125,167	775
Capital outlay	1,330,000	1,305,000	310,349	994,651
Other outgo	211,514	224,264	224,256	8
<b>Total Expenditures</b>	<b>5,547,467</b>	<b>5,848,717</b>	<b>5,184,393</b>	<b>664,324</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,252,367)</b>	<b>(1,252,367)</b>	<b>276,474</b>	<b>1,528,841</b>
<b>Fund Balances - Beginning</b>	<b>5,745,597</b>	<b>5,745,597</b>	<b>5,745,597</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 4,493,230</b>	<b>\$ 4,493,230</b>	<b>\$ 6,022,071</b>	<b>\$ 1,528,841</b>

**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
July 1, 2007	\$ -	\$ 11,058,744	\$ 11,058,744	0%	\$ 49,317,304	22%
July 1, 2009	-	10,180,023	10,180,023	0%	53,319,126	19%
July 1, 2013	-	11,473,837	11,473,837	0%	59,432,942	19%



**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>2015</u>
<b>CalSTRS</b>	
District's proportion of the net pension liability (asset)	<u>0.0927%</u>
District's proportionate share of the net pension liability (asset)	\$ 54,192,439
State's proportionate share of the net pension liability (asset) associated with the District	<u>32,723,735</u>
Total	<u><u>\$ 86,916,174</u></u>
District's covered - employee payroll	<u>\$ 41,761,702</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>130%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77%</u>
<b>CalPERS</b>	
District's proportion of the net pension liability (asset)	<u>0.1350%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 15,321,294</u>
District's covered - employee payroll	<u>\$ 14,187,342</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	<u>108%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83%</u>

*Note* : In the future, as data become available, ten years of information will be presented.

**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>2015</u>
<b>CalSTRS</b>	
Contractually required contribution	\$ 3,867,432
Contributions in relation to the contractually required contribution	<u>(3,867,432)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 43,552,162</u>
Contributions as a percentage of covered - employee payroll	<u>8.88%</u>
 <b>CalPERS</b>	
Contractually required contribution	\$ 1,773,790
Contributions in relation to the contractually required contribution	<u>(1,773,790)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 15,070,433</u>
Contributions as a percentage of covered - employee payroll	<u>11.77%</u>

*Note:* In the future, as data become available, ten years of information will be presented.

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***SUPPLEMENTARY INFORMATION***

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**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through California Department of Education (CDE):			
No Child Left Behind Act (NCLB)			
Title I, Part A Cluster			
Title I, Part A - Low Income and Neglected - Reallocation Funds	84.010	14981	\$ 2,258,162
Title I, Part A - Program Improvement LEA Corrective Action, Minor Performance Problems	84.010	14957	<u>568,685</u>
Subtotal Title I, Part A Cluster			<u>2,826,847</u>
Title II, Part A - Improving Teacher Quality	84.367	14341	509,458
Title III, Part A - Limited English Proficient Student Program	84.365	14346	400,143
Title X McKinney-Vento Homeless Assistance Grants	84.196	14332	69,411
Passed through West Orange County SELPA:			
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,611,714
Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	169,485
Preschool Grants, Part B, Sec 619	84.173	13430	70,289
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	20,682
Preschool Staff Development, Part B, Sec 619	84.173A	13431	886
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	<u>375</u>
Subtotal Special Education (IDEA) Cluster			<u>1,873,431</u>
Early Intervention Grants	84.181	23761	<u>28,503</u>
Total U.S. Department of Education			<u>5,707,793</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through California Department of Health Services:			
Medi-Cal Billing Option	93.778	10013	215,445
Passed through CDE:			
Child Care Cluster			
Federal Child Care, Center-Based	93.575	15136	158,765
Federal Child Care, Center-Based	93.596	13609	<u>288,573</u>
Subtotal Child Care Cluster			<u>447,338</u>
Total U.S. Department of Health and Human Services			<u>662,783</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through CDE:			
Child Nutrition Cluster:			
Especially Needy Breakfast Program	10.553	13526	642,781
National School Lunch Program	10.555	13396	3,270,371
Commodities	10.555	13396	375,345
Meal Supplements	10.556	13392	<u>3,300</u>
Subtotal Child Nutrition Cluster			<u>4,291,797</u>
Child and Adult Care Food Program	10.558	13666	<u>213,664</u>
Total U.S. Department of Agriculture			<u>4,505,461</u>
Total Expenditures of Federal Awards			<u>\$ 10,876,037</u>

See accompanying note to supplementary information.

# WESTMINSTER SCHOOL DISTRICT

## LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2015

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### ORGANIZATION

The Westminster School District was established in 1872 and covers the Westminster area of Orange County. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates thirteen elementary schools, three middle schools, a child care program, and a special programs center. There were no boundary changes during the year.

### GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mary Mangold	President	2018
Jamison Power	Vice President	2016
Amy Walsh	Clerk	2016
Penny Loomer	Member	2018
Khanh Nguye	Member	2018

### ADMINISTRATION

Marian Kim Phelps	Superintendent
Linda Baxter	Assistant Superintendent, Educational Services
Tony Wold	Assistant Superintendent, Business Services
James Jimenez	Assistant Superintendent, Human Resources

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	4,246.57	4,235.87
Fourth through sixth	2,999.13	2,995.19
Seventh and eighth	2,025.29	2,019.45
Total Regular ADA	<u>9,270.99</u>	<u>9,250.51</u>
Extended Year Special Education		
Transitional kindergarten through third	10.56	10.56
Fourth through sixth	7.88	7.88
Seventh and eighth	2.10	2.10
Total Extended Year Special Education	<u>20.54</u>	<u>20.54</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.54	0.47
Fourth through sixth	5.43	5.21
Seventh and eighth	2.56	2.29
Total Special Education, Nonpublic, Nonsectarian Schools	<u>8.53</u>	<u>7.97</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.06	0.06
Fourth through sixth	0.57	0.57
Seventh and eighth	0.18	0.18
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.81</u>	<u>0.81</u>
Total ADA	<u>9,300.87</u>	<u>9,279.83</u>

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2015**

Grade Level	1986-87	Reduced	2014-15	Number of Days		Status
	Minutes	1986-87		Actual	Traditional	
	Requirement	Requirement	Minutes	Calendar	Calendar	
Kindergarten	36,000	35,000	50,455	180	N/A	Complied
Grades 1 - 3	50,400	49,000				
Grade 1			52,450	180	N/A	Complied
Grade 2			52,450	180	N/A	Complied
Grade 3			52,450	180	N/A	Complied
Grades 4 - 6	54,000	52,500				
Grade 4			53,508	180	N/A	Complied
Grade 5			53,508	180	N/A	Complied
Grade 6			54,445	180	N/A	Complied
Grades 7 - 8	54,000	52,500				
Grade 7			60,419	180	N/A	Complied
Grade 8			60,419	180	N/A	Complied

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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There were no adjustments to the Unaudited Actual Financial Report, which require reconciliation to the audited financial statements at June 30, 2015.

See accompanying note to supplementary information.



**WESTMINSTER SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

	(Budget) 2016 <sup>1</sup>	2015	2014	2013
<b>GENERAL FUND</b>				
Revenues	\$ 95,030,310	\$ 89,323,605	\$ 82,193,027	\$ 76,195,734
Other sources and transfers in	-	427,365	427,365	427,365
<b>Total Revenues     and Other Sources</b>	<b>95,030,310</b>	<b>89,750,970</b>	<b>82,620,392</b>	<b>76,623,099</b>
Expenditures	92,303,449	88,952,311	79,866,008	79,126,406
Other uses and transfers out	493,872	723,872	-	-
<b>Total Expenditures     and Other Uses</b>	<b>92,797,321</b>	<b>89,676,183</b>	<b>79,866,008</b>	<b>79,126,406</b>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 2,232,989</b>	<b>\$ 74,787</b>	<b>\$ 2,754,384</b>	<b>\$ (2,503,307)</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 18,259,925</b>	<b>\$ 16,026,936</b>	<b>\$ 15,952,149</b>	<b>\$ 13,197,765</b>
<b>AVAILABLE RESERVES <sup>2</sup></b>	<b>\$ 7,795,036</b>	<b>\$ 6,616,351</b>	<b>\$ 5,356,826</b>	<b>\$ 6,309,249</b>
<b>AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO <sup>3</sup></b>	<b>8.40%</b>	<b>7.57%</b>	<b>6.90%</b>	<b>8.18%</b>
<b>LONG-TERM OBLIGATIONS</b>	<b>N/A</b>	<b>\$ 112,039,994</b>	<b>\$ 110,045,282</b>	<b>\$ 104,933,178</b>
<b>K-12 AVERAGE DAILY ATTENDANCE AT P-2</b>	<b>9,253</b>	<b>9,301</b>	<b>9,526</b>	<b>9,382</b>

The General Fund balance has increased by \$2,829,171 over the past two years. The fiscal year 2015-2016 budget projects an increase of \$2,232,989 (13.9 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. Total long-term obligations have increased by \$7,106,816 over the past two years.

Average daily attendance has decreased by 81 over the past two years. An additional decline of 48 ADA is anticipated during fiscal year 2015-2016.

<sup>1</sup> Budget 2016 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

<sup>3</sup> On behalf payments of \$2,259,496, \$2,208,042, and \$2,010,162 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2015, 2014, and 2013.

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	<b>Deferred Maintenance Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>ASSETS</b>			
Deposits and investments	\$ 7,901	\$ 16,822	\$ 83,924
Receivables	2	60	237
Due from other funds	-	14,110	427,173
<b>Total Assets</b>	<b>\$ 7,903</b>	<b>\$ 30,992</b>	<b>\$ 511,334</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 30,992	\$ 40
<b>Fund Balances:</b>			
Restricted	-	-	511,294
Committed	7,903	-	-
Assigned	-	-	-
<b>Total Fund Balances</b>	<b>7,903</b>	<b>-</b>	<b>511,294</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,903</b>	<b>\$ 30,992</b>	<b>\$ 511,334</b>

See accompanying note to supplementary information.

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<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 896	\$ 1,843,592	\$ 1,953,135
-	-	299
-	-	441,283
<u>\$ 896</u>	<u>\$ 1,843,592</u>	<u>\$ 2,394,717</u>
\$ -	\$ -	\$ 31,032
-	1,843,592	2,354,886
-	-	7,903
896	-	896
<u>896</u>	<u>1,843,592</u>	<u>2,363,685</u>
<u>\$ 896</u>	<u>\$ 1,843,592</u>	<u>\$ 2,394,717</u>

**WESTMINSTER SCHOOL DISTRICT**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Deferred Maintenance Fund</b>	<b>Building Fund</b>	<b>Capital Facilities Fund</b>
<b>REVENUES</b>			
Other State sources	\$ -	\$ -	\$ -
Other local sources	375	61,315	1,647,849
<b>Total Revenues</b>	<u>375</u>	<u>61,315</u>	<u>1,647,849</u>
<b>EXPENDITURES</b>			
Current			
Administration:			
All other administration	-	-	11,570
Plant services	95,196	-	47,184
Facility acquisition and construction	205,572	6,717,348	-
Debt service			
Principal	-	-	460,000
Interest and other	-	-	743,539
<b>Total Expenditures</b>	<u>300,768</u>	<u>6,717,348</u>	<u>1,262,293</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(300,393)</u>	<u>(6,656,033)</u>	<u>385,556</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	3,098,452	-
Transfers out	-	-	(427,365)
<b>Net Financing Sources (Uses)</b>	<u>-</u>	<u>3,098,452</u>	<u>(427,365)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(300,393)</u>	<u>(3,557,581)</u>	<u>(41,809)</u>
<b>Fund Balances - Beginning</b>	308,296	3,557,581	553,103
<b>Fund Balances - Ending</b>	<u>\$ 7,903</u>	<u>\$ -</u>	<u>\$ 511,294</u>

<b>County School Facilities Fund</b>	<b>Bond Interest and Redemption Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$ 1,694,240	\$ 14,661	\$ 1,708,901
894	2,687,328	4,397,761
<u>1,695,134</u>	<u>2,701,989</u>	<u>6,106,662</u>
-	-	11,570
-	-	142,380
-	-	6,922,920
-	1,095,000	1,555,000
-	1,097,914	1,841,453
<u>-</u>	<u>2,192,914</u>	<u>10,473,323</u>
<u>1,695,134</u>	<u>509,075</u>	<u>(4,366,661)</u>
-	-	3,098,452
(1,694,240)	-	(2,121,605)
<u>(1,694,240)</u>	<u>-</u>	<u>976,847</u>
894	509,075	(3,389,814)
2	1,334,517	5,753,499
<u>\$ 896</u>	<u>\$ 1,843,592</u>	<u>\$ 2,363,685</u>

**WESTMINSTER SCHOOL DISTRICT**

**GENERAL FUND SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES, AND  
CHANGES OF FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

(Amounts in thousands)

	Actual Results for the Years					
	2014-2015		2013-2014		2012-2013	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal revenue	\$ 5,857	6.6	\$ 5,203	6.3	\$ 6,278	8.2
State and local revenue included in Local Control Funding Formula	70,681	79.1	62,496	76.1	48,549	63.8
Other State revenue	6,612	7.4	8,391	10.2	15,669	20.6
Other local revenue	1,264	1.4	1,406	1.7	1,246	1.6
Tuition and transfers in	4,910	5.5	4,697	5.7	4,454	5.8
<b>Total Revenues</b>	<b>89,324</b>	<b>100.0</b>	<b>82,193</b>	<b>100.0</b>	<b>77,386</b>	<b>100.0</b>
<b>EXPENDITURES</b>						
Salaries and Benefits						
Certificated salaries	43,791	49.0	41,601	50.6	39,391	51.7
Classified salaries	13,213	14.8	12,381	15.1	12,223	16.0
Employee benefits	18,200	20.4	17,018	20.7	17,442	22.9
<b>Total Salaries and Benefits</b>	<b>75,204</b>	<b>84.2</b>	<b>71,000</b>	<b>86.4</b>	<b>69,056</b>	<b>90.6</b>
Books and supplies	5,439	6.1	2,018	2.5	3,282	4.3
Contracts and operating expenses	7,780	8.7	6,393	7.8	6,360	8.3
Capital outlay	238	0.3	31	0.0	87	0.1
Other outgo	291	0.3	424	0.5	341	0.4
<b>Total Expenditures</b>	<b>88,952</b>	<b>99.6</b>	<b>79,866</b>	<b>97.2</b>	<b>79,126</b>	<b>103.7</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>372</b>	<b>0.4</b>	<b>2,327</b>	<b>2.8</b>	<b>(2,930)</b>	<b>(3.7)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Net Financing Sources (Uses)	(297)	(0.3)	427	0.5	427	0.5
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>75</b>	<b>0.1</b>	<b>2,754</b>	<b>3.3</b>	<b>(2,503)</b>	<b>(3.2)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>15,952</b>		<b>13,198</b>		<b>15,701</b>	
<b>FUND BALANCE, ENDING</b>	<b>\$ 16,027</b>		<b>\$ 15,952</b>		<b>\$ 13,198</b>	
<b>ENDING FUND BALANCE TO TOTAL REVENUES</b>		<b>17.9</b>		<b>19.4</b>		<b>17.3</b>

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**CAFETERIA FUND SELECTED FINANCIAL INFORMATION  
THREE-YEAR SUMMARY OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

(Dollar amounts in thousands)

	Actual Results for the Years					
	2014-2015		2013-2014		2012-2013	
	Amount	Percent of Revenue	Amount	Percent of Revenue	Amount	Percent of Revenue
<b>REVENUES</b>						
Federal - NSLP	\$ 4,505	82.5	\$ 4,404	82.2	\$ 4,021	81.3
State meal program	330	6.0	300	5.6	304	6.1
Food sales	616	11.3	635	11.9	622	12.6
Other	9	0.2	16	0.3	2	0.0
Total Revenues	<u>5,460</u>	<u>100.0</u>	<u>5,355</u>	<u>100.0</u>	<u>4,949</u>	<u>100.0</u>
<b>EXPENDITURES</b>						
Salaries and employee benefits	1,932	35.4	1,852	34.6	1,802	36.4
Food	2,168	39.7	2,045	38.2	1,767	35.7
Supplies	424	7.8	250	4.7	182	3.7
Other	660	12.1	576	10.8	294	5.9
Total Expenditures	<u>5,184</u>	<u>95.0</u>	<u>4,723</u>	<u>88.3</u>	<u>4,045</u>	<u>81.7</u>
INCREASE IN FUND BALANCE	276	<u>5.0</u>	632	<u>11.7</u>	904	<u>18.3</u>
FUND BALANCE, BEGINNING	5,746		5,114		4,210	
FUND BALANCE, ENDING	<u>\$ 6,022</u>		<u>\$ 5,746</u>		<u>\$ 5,114</u>	
ENDING FUND BALANCE TO TOTAL REVENUES		<u>110.3</u>		<u>107.3</u>		<u>103.3</u>

\* \* \* \* \*

**TYPE 'A' LUNCH/BREAKFAST PARTICIPATION**

	2014-2015		2013-2014		2012-2013	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>TYPE 'A' LUNCHES</b>						
Paid	230,808	17.8	240,412	18.0	241,450	18.4
Reduced price	154,673	12.0	172,589	12.9	187,898	14.3
Free	907,141	70.2	921,624	69.1	884,183	67.3
Total Lunches	<u>1,292,622</u>	<u>100.0</u>	<u>1,334,625</u>	<u>100.0</u>	<u>1,313,531</u>	<u>100.0</u>
<b>BREAKFAST</b>						
Paid	22,791	6.4	21,059	6.1	18,123	5.5
Reduced price	32,254	9.0	37,535	10.8	42,686	12.9
Free	302,500	84.6	288,327	83.1	270,333	81.6
Total Breakfast	<u>357,545</u>	<u>100.0</u>	<u>346,921</u>	<u>100.0</u>	<u>331,142</u>	<u>100.0</u>

See accompanying note to supplementary information.

**WESTMINSTER SCHOOL DISTRICT**

**NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of Medi-Cal Bill Option funds that were received in the prior period but were not expended. Those amounts were expended in the current year.

	<u>CFDA Number</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures and Changes in Fund Balances:		\$ 10,809,412
Medi-Cal Billing Option	93.778	<u>66,625</u>
Total Schedule of Expenditures of Federal Awards		<u><u>\$ 10,876,037</u></u>

**Subrecipients**

Of the Federal expenditures presented in the schedule, the District provided Federal awards to subrecipients as follows:

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Title I, Part A - Low Income and Neglected	84.010	\$ 10,816
Title II, Part A - Improving Teacher Quality Local Grants	84.367	14,765
Title III, Part A - Limited English Proficient	84.365	<u>7,235</u>
		<u><u>\$ 32,816</u></u>

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.



# WESTMINSTER SCHOOL DISTRICT

## NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2015

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### **Schedule of Average Daily Attendance (ADA)**

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

### **Schedule of Instructional Time**

The District has received incentive funding for increased instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at 1986-87 requirements, as required by *Education Code* Section 46201.

### **Reconciliation of Annual Financial and Budget Report With Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

### **Schedule of Financial Trends and Analysis**

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

### **Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance**

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balance is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

### **General Fund Selected Financial Information**

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the General Fund for the past three years.

### **Cafeteria Fund Selected Financial Information**

This schedule provides a comparison of revenues and expenditures as a percentage of total revenue for the cafeteria fund for the past three years.

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***INDEPENDENT AUDITOR'S REPORTS***

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

Governing Board  
Westminster School District  
Westminster, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westminster School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Westminster School District's basic financial statements, and have issued our report thereon dated November 30, 2015.

**Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 1 and Note 15 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Westminster School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Westminster School District in a separate letter dated November 30, 2015.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vavrinck, Jino, Day & Co., LLP*

Rancho Cucamonga, California  
November 30, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board  
Westminster School District  
Westminster, California

**Report on Compliance for Each Major Federal Program**

We have audited Westminster School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Westminster School District's major Federal programs for the year ended June 30, 2015. Westminster School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Westminster School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Westminster School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Westminster School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major Federal program is not modified with respect to these matters.

Westminster School District's response to the noncompliance findings identified in our audit are described in the accompanying Federal Awards Findings and Questioned Costs section of this report. Westminster School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of Westminster School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Westminster School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Westminster School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be significant deficiencies.

Westminster School District's response to the internal control over compliance findings identified in our audit are described in the accompanying Federal Award Findings and Questioned Costs section of this report. Westminster School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Varrink, Jiro, Day & Co., LLP*

Rancho Cucamonga, California  
November 30, 2015



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board  
Westminster School District  
Westminster, California

### Report on State Compliance

We have audited Westminster School District's compliance with the types of compliance requirements as identified in the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Westminster School District's State government programs as noted below for the year ended June 30, 2015.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State's programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Westminster School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Westminster School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Westminster School District's compliance with those requirements.

### Basis for Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying schedule of findings and questioned costs, Westminster School District did not comply with requirements regarding Unduplicated Local Control Funding Formula Pupil Counts; refer to the State Awards Findings and Questioned Costs section to this report, item 2015-002. Compliance with such requirements is necessary, in our opinion, for Westminster School District to comply with the requirements applicable to that -program.



***Qualified Opinion on Unduplicated Local Control Funding Formula Pupil Counts***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Westminster School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

***Unmodified Opinion on Each of the Other Programs***

In our opinion, Westminster School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2015, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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

	<u>Procedures Performed</u>
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	No, see below
Adult Education Maintenance of Effort	No, see below
California Clean Energy Jobs Act	No, see below
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Charter Schools:	
Attendance	No, see below
Mode of Instruction	No, see below
Non Classroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Non Classroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below

Charter School Facility Grant Program

Procedures  
Performed  

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No, see below

The District does not offer an Independent Study Program; therefore, we did not perform procedures related to the Independent Study Program.

The District does not offer a Continuation Education Program; therefore, we did not perform procedures related to the Continuation Education Program.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have a Middle or Early College High School Program; therefore, we did not perform procedures related to the Middle or Early College High School Program.

The District is an elementary school district and does not have a Regional Occupational Center or Program; therefore, we did not perform procedures related to the Regional Occupational Centers or Programs Maintenance of Effort.

The District is an elementary school district and does not have an Adult Education Program; therefore, we did not perform procedures related to the Adult Education Maintenance of Effort.

The District did not have any expenditures in for California Clean Energy Jobs Act; therefore, we did not perform procedures related to the California Clean Energy Jobs Act.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform any procedures related to the Before School Education and Safety Program.

The District does not have any Charter Schools; therefore, we did not perform any procedures for Charter School Programs.

*Vavrinik, Irino, Day & Co., LLP*

Rancho Cucamonga, California  
November 30, 2015

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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**WESTMINSTER SCHOOL DISTRICT**

**SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>Yes</u>
Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	<u>Yes</u>
Identification of major Federal programs:	
<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556	Child Nutrition Cluster
	Title III, Part A - Limited English
84.365	Proficient Student Program

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
Unmodified for all programs except for the following State program which was qualified:	
	<u>Name of Program</u>
	Unduplicated Local Control Funding
	Formula Pupil Counts

**WESTMINSTER SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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None reported.

# WESTMINSTER SCHOOL DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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The following findings represent significant deficiencies, material weaknesses, and/or material instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
50000	Federal Compliance

### 2015-001 Code 50000

#### **Federal Program Affected**

Title: Child Nutrition Cluster  
CFDA: 10.553, 10.555, 10.556  
Pass-Through Agency: California Department of Education  
Federal Agency: U.S. Department of Agriculture

#### **Criteria or Specific Requirements**

Per Title 7, Code of Federal Regulations, Part 210, Subpart C, Section 210.14(f)(2) requires the proportion of total revenue from the sale of nonprogram foods to total revenue of the school food service account to be equal to or greater than the proportion of total food costs associated with obtaining nonprogram foods to the total costs associated with obtaining program and nonprogram foods from the account.

#### **Condition**

During 2014-2015 fiscal year, the District's cafeteria operation did not price nonprogram food items high enough to ensure compliance with Title 7, Part 210, Subpart C, Section 210.14(f)(2). The ratio of nonprogram food cost to total food cost to nonprogram revenue to total food service revenue is higher as a result.

#### **Questioned Costs**

There were no direct questioned costs associated with the condition identified, but the cafeteria account needed to generate an additional \$7,365 in nonprogram revenues to comply with the requirement.

#### **Context**

The condition was identified as a result of our review of the District's nonprogram revenue calculation form and supporting documents.

# WESTMINSTER SCHOOL DISTRICT

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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### **Effect**

The revenue from nonprogram foods is a direct and material compliance requirement that the District must adhere to. The District is non-compliant with the requirements stated in Title 7, Code of Federal Regulations, Part 210, Subpart C, Section 210.14(f)(2).

### **Cause**

The condition identified appears to have materialized during the first part of fiscal year 2013-2014. In January 2014, the District performed the calculation during their own internal review and identified the noncompliance. Adjustments to pricing were made at that time, however, since the adjustment did not occur until the second half of the year, the District was unable to correct the noncompliance in totality.

### **Recommendation**

The District should implement a procedure to ensure that the calculation is reviewed earlier to allow for adjustments as necessary. Specifically, we recommend the District incorporate the nonprogram foods calculation in its preliminary budgeting process, so they can adjust the nonprogram food prices as required.

### **Corrective Action Plan**

The non-program food revenue and cost compliance is always reviewed on a prior year basis. The 2014-2015 audit reviews the 2013-2014 compliance. The district hired a new Nutrition Services Director in December 2013 who quickly determined that we were out of compliance and immediately corrected the issue. However as the cost analysis is over the entire year the impact of the first half of the year could not be undone. New procedures have been in place since early 2014 to maintain compliance. The Director and Account Technician meet monthly to review the non-program food revenue and cost each month. Adjustments are made to program areas as necessary based upon year-to-date compliance with the non-program food calculator.

# WESTMINSTER SCHOOL DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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The following findings represent instances of noncompliance and/or questioned costs relating to State program laws and regulations. The findings have been coded as follows:

<u>Five Digit Code</u>	<u>AB 3627 Finding Type</u>
40000	State Compliance

### *Unduplicated Local Control Funding Formula Pupil Counts*

**2015-002 Code 40000**

#### **Criteria or Specific Requirements**

*California Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

#### **Condition**

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported eligibility for a total of 184 students for Free or Reduced Priced Meals on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List. However, the District also did not report an additional 213 students that qualified as eligible, resulting in a net understatement of 29 students eligible for Free or Reduced Priced Meals on Form 1.18.

#### **Questioned Costs**

The District under claimed the total eligible pupils by 29, resulting in an increase of approximately \$22,512 in LCFF funding.

#### **Context**

The condition identified was determined through a selection of students from Form 1.18 based on the criteria as stated on the *2014-2015 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*: "Select a representative sample, to achieve a high level of assurance, from the students indicated as a 'No' under the 'Direct Certification' column, that are only free or reduced priced meal eligible (FRPM) identified under the 'NSLP Program' column and verify there is supporting documentation such as a Free and Reduced Meal (FRPM) eligibility application under a federal nutrition program or an alternative household income data collection form that indicates the student was eligible for the designation."



**WESTMINSTER SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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The auditor selected an initial sample of 60 students and obtained the lunch applications for each student. Upon review of the lunch applications, we found six students who were noted as denied on the lunch application, however the students were noted as free or reduced on CALPADS Form 1.18. The auditor inquired further with the District and determined that the District did not make changes to students' eligibility for those students whose status should have been updated from the prior year. The District extracted the eligibility status for fiscal year 2014-2015 from their Food Services Program and compared it to the status report on CALPADS Form 1.18. The comparison resulted in an increase of 213 eligible pupils and a decrease of 184 ineligible pupils for a net increase of total eligible pupils of 29. The auditor obtained a copy of this list and confirmed that the exceptions noted in our original testing were in fact noted on the list as having a change in status, yet the change was not made.

**Effect**

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be under claiming the total FRPM eligible pupil by 29 for an increase in funding of approximately \$22,512. The schedule below shows the exceptions by site and District-wide.

School Site	Enrollment Count	Certified Total Unduplicated Pupil Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Unduplicated Pupil Count	Adjusted Total Enrollment Count
Ada Clegg Elementary	558	337	-	337	558
Anderson Elementary	643	602	4	606	643
Demille Elementary	434	414	(1)	413	434
Eastwood Elementary	520	181	(18)	163	520
Finley Elementary	407	366	9	375	407
Fryberger Elementary	468	389	17	406	468
Helen Stacey Middle	907	502	(6)	496	907
Jessie Hayden Elementary	876	763	(4)	759	876
John F. Land	-	-	-	-	-
Johnson Middle	735	603	11	614	735
Meairs Elementary	632	566	3	569	632

**WESTMINSTER SCHOOL DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

School Site	Enrollment Count	Certified Total Unduplicated Pupil Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Unduplicated Pupil Count	Adjusted Total Enrollment Count
NPS School Group for Westminster Elementary	10	3	-	3	10
Schmitt Elementary	532	490	8	498	532
Schroeder Elementary	636	247	-	247	636
Sequoia Elementary	401	255	-	255	401
Warner Middle	1,074	870	(8)	862	1,074
Webber Elementary	348	318	5	323	348
Willmore Elementary	322	306	9	315	322
<b>District-Wide</b>	<b>9,503</b>	<b>7,212</b>	<b>29</b>	<b>7,241</b>	<b>9,503</b>

**Cause**

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed from the prior year from free or reduced to paid. This occurred during the District's upload process from their Food Service Program to CALPADS. During the upload, certain data was not overridden to allow for the eligibility status of students to properly reflect their change from prior year.

**Recommendation**

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received. The District should evaluate their current procedures to ensure they are sufficient to ensure the accuracy of student data.

# WESTMINSTER SCHOOL DISTRICT

## STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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### **Corrective Action Plan**

The district implemented procedures to ensure that the FRPM status of students is updated after the final application date. This process ensures that the FRPM status is reviewed and updated by the Child Nutrition Office after the impact of the 30 day waiver period and final applications are processed. Once the updates are complete the Technology department is notified. The Technology Department then does a final extract of data to ensure our CALPADS file has the final information before the data is certified. This corrective action plan from the prior year was implemented however it has been determined that when the updated file was uploaded to the system it did not override the original FRPM entry that was brought over on the initial data collection file thus causing invalid data to be reported. This procedure has been modified to not collect the FRPM status on the initial student data count file. This left the field blank for all students. When Technology is notified by Nutrition Services that all of the FRPM data is complete a new data file is pulled and merged into the original student count file. This way only the final FRPM data is the report.

# WESTMINSTER SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

### *Unduplicated Local Control Funding Formula Pupil Counts*

**2014-001    40000**

#### **Criteria or Specific Requirements**

*California Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System.

#### **Condition**

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported eligibility for a total of 143 students for Free or Reduced Priced Meals on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

#### **Questioned Costs**

The District over claimed the total eligible pupils by 143, resulting in a decrease of approximately \$87,161 in LCFF funding.

#### **Context**

The condition identified was determined through a selection of students from Form 1.18 based on the criteria as stated on the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014* Section 19849(a)(1): "Select a representative sample, to achieve a high level of assurance, from the students indicated as a 'No' under the 'Direct Certification' column, that are only free or reduced priced meal eligible (FRPM) identified under the 'NSLP Program' column and verify there is supporting documentation such as a Free and Reduced Meal (FRPM) eligibility application under a federal nutrition program or an alternative household income data collection form that indicates the student was eligible for the designation."

The auditor selected an initial sample of 60 students and obtained the lunch applications for each student. Upon review of the lunch applications, we found four students who were noted as denied on the lunch application, however the students were noted as free or reduced on CALPADS Form 1.18. The auditor inquired further with the District and determined that the District did not make changes to students' eligibility for those students whose status should have been updated from the prior year. The District extracted the eligibility status for fiscal year 2013-2014 and compared it to the status report on CALPADS Form 1.18. The comparison resulted in an increase of 35 eligible pupils and a decrease of 178 ineligible pupils for a net decrease of total eligible pupils of 143. The auditor obtained a copy of this list and confirmed that the exceptions noted in our original testing were in fact noted on the list as having a change in status, yet the change was not made. This list noted a total of 143 students whose status should have been changed in CALPADS.

# WESTMINSTER SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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### Effect

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by 143 for a reduction in funding of approximately \$87,161. The schedule on the following page shows the exceptions by site and District-wide.

School Site	Enrollment Count	Certified Total Unduplicated Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Unduplicated Pupil count	Adjusted Total Enrollment Count
Ada Clegg Elementary	560	328	(10)	318	560
Anderson Elementary	665	621	(3)	618	665
Demille Elementary	462	432	(4)	428	462
Eastwood Elementary	546	192	(3)	189	546
Finley Elementary	418	397	(6)	391	418
Fryberger Elementary	446	378	(6)	372	446
Helen Stacey Middle	902	555	(11)	544	902
Jessie Hayden Elementary	884	783	(8)	775	884
Johnson Middle	756	631	(21)	610	756
Meairs Elementary	656	606	(5)	601	656
NPS School Group for Westminster Elementary	11	1	1	2	11
Schmitt Elementary	538	506	(7)	499	538
Schroeder Elementary	637	252	(12)	240	637
Sequoia Elementary	429	282	(9)	273	429
Warner Middle	1,094	918	(35)	883	1,094
Willmore Elementary	354	343	(4)	339	354
District-Wide	9,720	7,567	(143)	7,424	9,720

# WESTMINSTER SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2015

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### **Cause**

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed from the prior year from free or reduced to paid.

### **Recommendation**

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received. In addition, the District should evaluate whether or not their 2014-2015 unduplicated pupil count percentage is higher than their 2013-2014 unduplicated percentage. If, the District determines that their 2014-2015 unduplicated percentage is higher, the District's LCFF calculation will be based on the 2014-2015 unduplicated percentage, thus mitigating the financial impact the exceptions noted above have on compliance.

### **Corrective Action Plan**

The District has implemented procedures to ensure that the FRPM status of students is updated after the final application date. This process ensures that the FRPM status is reviewed and updated by the Child Nutrition Office after the impact of the 30 day waiver period and final applications are processed. Once the updates are complete the Technology department is notified. The Technology Department then does a final extract of data to ensure our CALPADS file has the final information before the data is certified.

### **Current Status**

Not implemented, see current year finding 2015-002



Governing Board  
Westminster School District  
Westminster, California

In planning and performing our audit of the financial statements of Westminster School District, for the year ended June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 30, 2015 on the government-wide financial statements of the District.

### ***INTERNAL CONTROLS***

#### ***Untimely deposits of General Fund Local Revenues***

##### Observation

Per review of the supporting documents pertaining to the District's General Fund local revenues, it appears that the deposits are not being made in a timely manner. Based on our review of a sample of transmittals selected for testing, it appears that delay in deposits ranged from 11 to 39 days. Delay in cash deposits can increase the probability of loss.

##### Recommendation

The District should adhere to its established procedures related to frequency of deposits. The frequency of deposits may need to be increased depending on the volume and amount of cash collected. At a minimum, the District should try and make a single deposit once a week to reduce the risks associated with loss.

***ASSOCIATED STUDENT BODY***

***Clegg Elementary School***

Observation

Based on the assessment of the cash receipting procedures it was noted that one out of three deposit batches tested was not deposited in a timely manner. The delay in deposit ranged from 11 to 28 days from the date of receipt. Untimely deposits could result in cash balances being maintained at the site especially over the weekend. This increases the risk to ASB assets.

Recommendation

ASB's should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. Westminster School District courier service is provided daily so deposits can be made in a timely manner. During periods of high cash activity, cash should be deposited immediately. The District should establish a specific guideline for this procedure including the maximum cash on hand that should be maintained at the site. Also the district should establish cash deposit guidelines that take into consideration holiday and weekend scheduling.

Observation

Cash collected by teachers, advisors or clubs is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. One out of three deposits tested did not have sufficient support or a paper trail; therefore the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Observation

Based on the assessment of fundraising activities it was noted that revenue potential forms were not being utilized and or completed correctly. The revenue potential forms were not present for the fundraising events tested.



Recommendation

The revenue potential form is vital because it shows whether or not all the monies that should have been raised and turned in actually were based on the price of the item and amount sold. The form is also used to document overages and shortages or losses of merchandise. A secondary tool that the form accomplishes is to allow the bookkeeper to compare the advisor's log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure that all entries were correctly posted. The site should ensure that these forms are completed and turned in to the bookkeeper at the conclusion of the fundraiser.

Observation

Based on the review of the disbursement procedures it was noted that one out of three disbursements tested was not approved prior to the transaction taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

***Webber Elementary School***

Observation

Based on the review of the disbursement procedures it was noted that one out of three disbursements tested was not approved prior to the transaction taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

Observation

Based on the assessment of fundraising activities it was noted that revenue potential forms were not being utilized and or completed correctly. The revenue potential forms were not present for the fundraising events tested.

Recommendation

The revenue potential form is vital because it shows whether or not all the monies that should have been raised and turned in actually were based on the price of the item and amount sold. The form is also used to document overages and shortages or losses of merchandise. A secondary tool that the form accomplishes is to allow the bookkeeper to compare the advisor's log of the deposits made for the fundraiser to the financial records of the appropriate account to ensure that all entries were correctly posted. The site should ensure that these forms are completed and turned in to the bookkeeper at the conclusion of the fundraiser.

*Warner Middle School*

Observation

Based on the assessment of the cash receipting procedures it was noted that seven out of 14 deposit batches tested were not deposited in a timely manner. The delay in deposit ranged from 11 to 24 days from the date of receipt. Untimely deposits could result in cash balances being maintained at the site especially over the weekend. This increases the risk to ASB assets.

Recommendation

ASB's should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. Westminster School District courier service is provided daily so deposits can be made in a timely manner. During periods of high cash activity, cash should be deposited immediately. The District should establish a specific guideline for this procedure including the maximum cash on hand that should be maintained at the site. Also the district should establish cash deposit guidelines that take into consideration holiday and weekend scheduling.

Observation

Cash collected by teachers, advisors or clubs is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. Four out of 14 deposits tested did not have sufficient support or a paper trail; therefore the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.

Recommendation

Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the student's name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Observation

Based on the review of the disbursement procedures it was noted that three out of 11 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendation

In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

Observation

There appears to be lack of accountability for revenues generated and disbursements made for one of the two fundraising events tested. The auditor was unable to trace the revenues and disbursements related to this fundraising event to the general ledger.

Recommendation

As part of a proper cash control procedures, all cash collections from fundraising events should adhere to the established ASB cash collection and depositing procedures. In addition, all cash disbursements related to fundraising events should adhere to the established ASB cash disbursement procedures. The ASB should ensure that both cash receipts and disbursements are properly recorded in the appropriate general ledger account.

We will review the status of the current year comments during our next audit engagement.

*Vavrinik, Irvine, Day & Co., LLP*

Rancho Cucamonga, California  
November 30, 2015

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## APPENDIX C

### GENERAL INFORMATION ABOUT THE CITY OF WESTMINSTER AND ORANGE COUNTY

*The following information about the City of Westminster, (the “City”) and Orange County (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Certificates are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and none of the City, the County, the State or any of its political subdivisions (other than the District) is liable therefor.*

**The City.** The City of Westminster is the County’s second oldest city founded in 1870. Incorporated in 1957, the city is landlocked and bordered by Seal Beach on the west, Garden Grove on the north and east, and by Huntington Beach and Fountain Valley on the south. Westminster surrounds the unincorporated area of Midway City, except for a small portion where Midway City meets Huntington Beach to the south. Named “All-America City” in 1996 by the National Civic League for civic accomplishments, the City of Westminster has experienced continued residential and commercial growth.

**The County.** The City of Anaheim is the County’s oldest and second most populous city, strategically situated in relation not only to the County’s population but also to the economies of San Diego, Los Angeles, Riverside and San Bernardino Counties. Its county seat is Santa Ana. It is the second most densely populated county in the state, second only to San Francisco County. The county’s three largest cities, Anaheim, Santa Ana, and Irvine, each have populations exceeding 200,000. Thirty-four incorporated cities are located in the County; the newest is Aliso Viejo, which incorporated in 2001. The City of Anaheim was the first city incorporated in 1870, when the region was still part of neighboring Los Angeles County. Whereas most population centers in the United States tend to be identified by a major city, there is no defined urban center in the County. It is mostly suburban except for some traditionally urban areas at the centers of the older cities of Anaheim, Fullerton, Huntington Beach, Orange, and Santa Ana. There are several edge city-style developments such as the Irvine Business Center, Newport Center, and South Coast Metro. The County is famous for its tourism as the home of attractions like Disneyland, Knott’s Berry Farm, and several beaches along its more than 40 miles (64 km) of coastline.

#### Population

The County’s population at January 1, 2015, the most recent estimate, was 3,147,655 according to the State Department of Finance. The table below shows population estimates for the City, the County and the State of California, for the last five years.

#### CITY OF WESTMINSTER, ORANGE COUNTY AND STATE OF CALIFORNIA Population Estimates

	2011	2012	2013	2014	2015
State of California	37,427,946	37,668,804	37,984,138	38,357,121	38,714,725
Orange County	3,008,855	3,028,846	3,055,792	3,085,269	3,147,655
City of Westminster	89,926	90,738	91,272	91,637	92,106

*Source: State Department of Finance estimates.*

## Employment and Industry

The unemployment rate in the Orange County was 4.2 percent in November 2015, down from a revised 4.3 percent in October 2015, and below the year-ago estimate of 5.2 percent. This compares with an unadjusted unemployment rate of 5.7 percent for California and 4.8 percent for the nation during the same period. Annual figures are not yet available for 2015.

### ANAHEIM-SANTA ANA-IRVINE MD (Orange County) Annual Average Civilian Labor Force, Employment and Unemployment, Employment by Industry (March 2014 Benchmark)

	2010	2011	2012	2013	2014
Civilian Labor Force <sup>(1)</sup>	1,538,600	1,548,100	1,566,100	1,566,800	1,575,600
Employment	1,388,900	1,408,300	1,443,400	1,464,900	1,489,200
Unemployment	149,700	139,800	122,700	101,900	86,400
Unemployment Rate	9.7%	9.0%	7.8%	6.5%	5.5%
<u>Wage and Salary Employment: <sup>(2)</sup></u>					
Agriculture	3,700	3,200	2,800	2,900	2,800
Mining and Logging	600	600	600	600	700
Construction	68,000	69,200	71,300	76,800	82,000
Manufacturing	150,500	154,300	158,300	158,000	158,800
Wholesale Trade	77,800	77,300	77,200	79,400	81,700
Retail Trade	141,300	142,600	144,000	145,500	148,700
Transportation, Warehousing, Utilities	26,700	27,500	28,000	27,500	26,600
Information	24,800	23,800	24,300	25,000	24,200
Finance and Insurance	69,400	71,200	73,800	77,000	76,200
Real Estate and Rental and Leasing	34,100	33,600	34,500	36,100	37,900
Professional and Business Services	244,900	247,700	260,600	267,300	275,800
Educational and Health Services	165,500	168,000	173,800	184,200	190,300
Leisure and Hospitality	168,600	174,000	180,600	187,800	193,500
Other Services	42,200	43,200	44,600	45,600	47,700
Federal Government	12,400	11,600	11,100	11,000	10,900
State Government	27,300	28,000	28,700	29,100	29,900
Local Government	112,600	109,700	108,100	108,600	111,100
Total, All Industries <sup>(3)</sup>	1,370,400	1,385,600	1,422,400	1,462,400	1,498,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: *State of California Employment Development Department.*

## Largest Employers

The following table lists the largest employers within the County as of March 2015.

**ORANGE COUNTY**  
**Major Employers (Listed Alphabetically)**  
**As of March 2015**

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
Anaheim City Hall	Anaheim	Government Offices-City, Village & Twp
Boeing Co	Huntington Beach	Aircraft-Manufacturers
Boeing Co	Seal Beach	Aerospace Industries (mfrs)
Broadcom Corp	Irvine	Semiconductors & Related Devices (mfrs)
California State-Fullerton	Fullerton	Schools-Universities & Colleges Academic
Disneyland	Anaheim	Amusement & Theme Parks
Emplicity	Irvine	Employment Contractors-Temporary Help
Fairview Developmental Ctr	Costa Mesa	Hospitals
First American Title Ins Co	Santa Ana	Title Companies
Hoag Hospital Newport Beach	Newport Beach	Physicians & Surgeons
James R Glidewell Dental Crmcs	Irvine	Dentists
Jones Lang La Salle	Brea	Real Estate Management
Laguna Woods Village Cmnty Ctr	Laguna Woods	Senior Citizens Service
Puro Clean	Anaheim	Fire Damage Restoration
Quiksilver Eyeware USA	Huntington Beach	Optical Goods-Retail
Raytheon Co	Fullerton	Search Detection/Nav Sys/Instr (mfrs)
St Jude Medical Ctr	Brea	Hospitals
St Jude Medical Ctr	Fullerton	Hospitals
UC Irvine Healthcare	Orange	Hospitals
United Healthcare	Cypress	Health Plans
University of Ca-Irvine	Irvine	Schools-Universities & Colleges Academic
University-Ca Irvine Med Ctr	Orange	Medical Centers
US Health Care Svc	Seal Beach	Health & Allied Services
Volt Information Sciences Inc	Orange	Employment Contractors-Temporary Help
Walt Disney Parks & Resorts	Anaheim	Amusement & Theme Parks

*Source: State of California Employment Development Department, extracted from the America's Labor Market Information System (ALMIS) Employer Database, 2015 1st Edition.*

## Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for Westminster City, Orange County, the State of California and the United States for the years 2010 through 2014. Annual figures are not yet available for 2015.

### ORANGE COUNTY Effective Buying Income 2010 through 2014

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2010	City of Westminster	\$1,501,780	\$47,158
	Orange County	75,063,558	57,849
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Westminster	\$1,529,280	\$46,969
	Orange County	76,315,505	57,607
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Westminster	\$1,544,835	\$45,360
	Orange County	81,079,398	57,181
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Westminster	\$1,578,093	\$46,002
	Orange County	81,151,078	59,589
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Westminster	\$1,604,220	\$46,032
	Orange County	83,607,615	60,931
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: The Nielsen Company (US), Inc.



## Commerce

Total taxable sales during the first three quarters of calendar year 2014 in the County were reported to be \$44,128,948,000, a 4.46% increase over the total taxable sales of \$42,243,366,000 reported during the first three quarters of calendar year 2013. The following tables shows total taxable retail sales, total taxable sales from all outlets and related number of permits in the County on annual basis for calendar years 2009 through 2013. Annual figures are not yet available for 2014 or 2015.

**ORANGE COUNTY**  
**Taxable Retail Sales,**  
**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
2009	56,259	\$31,162,619	90,231	\$45,712,784
2010	58,076	32,552,107	92,047	47,667,179
2011	58,795	35,587,795	92,207	51,731,139
2012	60,273	38,372,456	93,183	55,230,612
2013	62,208	40,025,929	94,862	57,591,217

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

Total taxable sales during the first three quarters of calendar year 2014 in the City were reported to be \$990,642,000, a 1.29% increase over the total taxable sales of \$978,028,000 reported during the first three quarters of calendar year 2013. The following tables shows total taxable retail sales, total taxable sales from all outlets and related number of permits in the City on annual basis for calendar years 2009 through 2013. Annual figures are not yet available for 2014 or 2015.

**CITY OF WESTMINSTER**  
**Taxable Retail Sales**  
**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
2009	1,553	\$1,050,972	2,228	\$1,155,023
2010	1,604	1,032,567	2,281	1,130,310
2011	1,628	1,074,699	2,283	1,177,035
2012	1,680	1,127,643	2,329	1,242,341
2013	1,678	1,201,993	2,328	1,336,609

*Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).*

## Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the County. Annual figures are not yet available for 2015.

### ORANGE COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Permit Valuation</u>					
New Single-family	\$492,529.5	\$518,681.8	\$752,931.2	\$1,237,994.2	\$1,234,498.7
New Multi-family	208,046.8	378,599.9	438,118.2	994,873.8	985,454.1
Res. Alterations/Additions	<u>328,830.0</u>	<u>450,105.3</u>	<u>363,854.8</u>	<u>363,674.9</u>	<u>413,518.5</u>
Total Residential	1,029,406.2	1,347,387.0	1,554,904.2	2,596,542.8	2,633,471.3
New Commercial	264,898.3	255,841.4	513,584.4	631,018.8	712,706.6
New Industrial	23,000.0	10,300.0	102,586.7	47,369.9	154,840.6
New Other	116,813.1	25,511.4	28,591.8	110,663.7	183,627.9
Com. Alterations/Additions	<u>747,216.7</u>	<u>896,906.9</u>	<u>697,630.6</u>	<u>928,629.2</u>	<u>948,992.6</u>
Total Nonresidential	1,151,928.1	1,188,559.7	1,342,393.5	1,717,681.6	2,000,167.7
<u>New Dwelling Units</u>					
Single Family	1,553	1,908	2,438	3,889	3,646
Multiple Family	<u>1,538</u>	<u>2,897</u>	<u>3,725</u>	<u>6,564</u>	<u>6,990</u>
TOTAL	3,091	4,805	6,163	10,453	10,636

Source: Construction Industry Research Board, Building Permit Summary.

The following tables show a five-year summary of the valuation of building permits issued in the City. Annual figures are not yet available for 2015.

### CITY OF WESTMINSTER Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Permit Valuation</u>					
New Single-family	\$965.1	\$2,470.1	\$5,761.3	\$1,369.6	\$4,843.5
New Multi-family	8,955.0	0.0	468.9	1,030.2	1,025.9
Res. Alterations/Additions	<u>3,043.3</u>	<u>4,547.8</u>	<u>3,865.8</u>	<u>3,607.6</u>	<u>6,744.2</u>
Total Residential	12,963.4	7,017.9	10,096.0	6,007.4	12,613.6
New Commercial	0.0	8.0	4,253.7	1,128.3	5,895.6
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	1,579.3	20.0	0.0	688.5	4,685.8
Com. Alterations/Additions	<u>2,451.0</u>	<u>4,703.8</u>	<u>5,321.8</u>	<u>5,217.0</u>	<u>5,141.1</u>
Total Nonresidential	4,030.3	4,731.8	9,575.5	7,033.8	15,722.5
<u>New Dwelling Units</u>					
Single Family	5	9	17	5	16
Multiple Family	<u>41</u>	<u>0</u>	<u>4</u>	<u>7</u>	<u>6</u>
TOTAL	46	9	21	12	22

Source: Construction Industry Research Board, Building Permit Summary.

**APPENDIX D**  
**FORM OF LEGAL OPINION**

[Letterhead of Jones Hall, A Professional Law Corporation]

March 31, 2016

Board of Trustees  
Westminster School District  
14121 Cedarwood Avenue  
Westminster, California 92683

Re: \$14,370,000 Westminster School District  
2016 Refunding Certificates of Participation

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Members of the Board of Trustees:

We have acted as special counsel in connection with the delivery by the Westminster School District (the "District"), of a Lease Agreement dated as of March 1, 2016 (the "Lease Agreement"), between the Westminster School District Financing Corporation (the "Corporation") as lessor and the District as lessee. Under a Trust Agreement dated as of March 1, 2016 (the "Trust Agreement"), among the District, the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), the Trustee has executed and delivered 2016 Refunding Certificates of Participation in the aggregate principal amount of \$14,370,000 (the "Refunding Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the District under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee under an Assignment Agreement dated as of March 1, 2016 (the "Assignment Agreement") between the Corporation and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is a school district duly organized and validly existing under the Constitution and laws of the State of California with the full power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Refunding Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made under the Assignment Agreement, the owners of the Refunding Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Refunding Certificates 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 imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be 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 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Lease Agreement and the Trust Agreement and other instruments relating to the Refunding Certificates to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the Refunding Certificates, or the amount, accrual or receipt of interest represented by the Refunding Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Refunding Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Refunding Certificates and the enforceability of the Lease Agreement, the Trust Agreement and the Assignment Agreement 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 accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$14,370,000**

#### **2016 REFUNDING CERTIFICATES OF PARTICIPATION**

Evidencing the Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the

#### **WESTMINSTER SCHOOL DISTRICT**

to Westminster School District Financing Corporation

#### **CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is dated March 31, 2016 and is executed and delivered by the Westminster School District (the “**District**”) in connection with the execution and delivery of the captioned certificate of participation (the “**Refunding Certificates**”). The Refunding Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of March 1, 2016 (the “**Trust Agreement**”), by and among the District, the Westminster School District Financing Corporation and U.S. Bank National Association as trustee for the Refunding Certificates (the “**Trustee**”).

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 Refunding Certificates 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 Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District under and as described in Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30<sup>th</sup>), commencing March 31, 2017.

“*Dissemination Agent*” means, initially, Isom Advisors, A Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Refunding Certificates.

“*Participating Underwriter*” means Raymond James & Associates, Inc., the original underwriter of the Refunding Certificates required to comply with the Rule in connection with offering of the Refunding Certificates.

“*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.

“*Trustee*” means U.S. Bank National Association, or any successor thereto.

### **Section 3. Provision of Annual Reports.**

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2017 with the report for the 2015-16 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 under 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) To the extent not contained in the audited financial statements filed on or before the Annual Report Date, the following information shall be included in the Annual Report:

- (i) the most recently adopted budget, or interim report showing budgeted figures, which is available at the time of filing the Annual Report;
- (ii) average daily attendance in the District on an aggregate basis for the most recently completed fiscal year;
- (iii) pension plan contributions for the most recently completed fiscal year;
- (iv) a summary of the outstanding principal amounts of short-term borrowings, lease obligations and other long-term borrowings of the District for the most recently completed fiscal year;
- (v) assessed valuation of taxable properties in the District for the most recently completed fiscal year;
- (vi) assessed valuation of properties of the top twenty taxpayers for the most recently completed fiscal year;
- (vii) if the District is not participating in the County's Teeter Plan, property tax collection delinquencies for the District for the most recently completed fiscal year or if not available at the time of the filing of the Annual Report for the prior fiscal year, if available from the County, and
- (viii) such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) 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 Refunding Certificates:

- (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 Certificates under the Trust Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with



respect to certain notices, determinations or other events affecting the tax status of the Lease Payments relating to the Refunding Certificates. 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 Refunding Certificates. If such termination occurs prior to the final maturity of the Refunding Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

**Section 8. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Isom Advisors, A Division of Urban Futures, Inc. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Paying Agent.

**Section 9. Amendment; Waiver.** Notwithstanding any other provision 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 Refunding Certificates, 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 Refunding Certificates, 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 Refunding Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement 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 Refunding Certificates.

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 Refunding Certificates 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 Trust Agreement, 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 Refunding Certificates.

(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 Refunding Certificates, and shall create no rights in any other person or entity.

Date: March 31, 2016

**WESTMINSTER SCHOOL DISTRICT**

By: \_\_\_\_\_  
Name:  
Title:

**ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT**

**ISOM ADVISORS,  
A DIVISION OF URBAN FUTURES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Westminster School District (the "District")

Name of Issue: \$14,370,000 Westminster School District 2016 Refunding Certificates of Participation

Date of Issuance: March 31, 2016

**NOTICE IS HEREBY GIVEN** that the District has not provided an Annual Report with respect to the above-named Certificates of Participation as required by the Continuing Disclosure Certificate executed by the District in connection with the execution and delivery of the Refunding Certificates captioned above. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**WESTMINSTER SCHOOL DISTRICT**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## APPENDIX F

### 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 Refunding Certificates, payment of principal, interest and other payments on the Refunding Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Refunding Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Refunding Certificates, (b) Certificates representing ownership interest in or other confirmation or ownership interest in the Refunding Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Refunding Certificates, 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 “Certificates”). The Refunding Certificates 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 Certificate will be issued for each maturity of each series of the Refunding Certificates, 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](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Refunding Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Refunding Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates 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 Refunding Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Refunding Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Refunding Certificates 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. Prepayment notices will be sent to DTC. If less than all of the Refunding Certificates within an issue are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Refunding Certificates 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 Refunding Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Prepayment proceeds, distributions, and interest payments on the Refunding Certificates 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 prepayment 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 Refunding Certificates 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, Certificates 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, Certificate certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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**APPENDIX G**

**ORANGE COUNTY EDUCATIONAL INVESTMENT POOL DISCLOSURE,  
ORANGE COUNTY INVESTMENT POLICY STATEMENT  
AND MONTHLY INVESTMENT REPORT**

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## ORANGE COUNTY EDUCATIONAL INVESTMENT POOL DISCLOSURE

The County Board of Supervisors (the “Board”) approved the current County Investment Policy Statement (the “Investment Policy”) on December 15, 2015 (see Appendix D – ORANGE COUNTY INVESTMENT POLICY STATEMENT” or [ocgov.com/ocinvestments](http://ocgov.com/ocinvestments)). (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.) The Investment Policy applies to all funds managed by the County Treasurer as delegated by the Board including, the Orange County Investment Pool, the Orange County Educational Investment Pool, the John Wayne Airport Investment Pool and various other small non-Pooled investment funds. The primary goal is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. The main investing objectives, in order of priority are: Safety, Liquidity and Yield.

Oversight of the investments is conducted in several ways. First, the Board established the County Treasury Oversight Committee (the “Committee”) on December 19, 1995, pursuant to California Government Code Section 27130 *et. seq.* The Committee’s primary responsibilities are as follows: to review and monitor the annual investment policy; cause an annual audit to be conducted to determine if the County Treasurer is in compliance with California Government Code Sections 27130 to 27137, and to investigate any and all irregularities in the treasury operation that are reported. The County Treasurer nominates the public members and the Board confirms the members of the Committee, which is comprised of the County Executive Officer, the County Auditor-Controller, the County Superintendent of Schools, and four public members. Next, the Auditor-Controller’s Internal Audit Division audits the portfolio on a quarterly and annual basis pursuant to California Government Code Sections 26920 and 26922. Finally, an annual compliance audit is also conducted as required by California Government Code Sections 27134. All investment audit reports and the monthly Treasurer’s Investment Report are available on-line at [ocgov.com/ocinvestments](http://ocgov.com/ocinvestments). (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.)

The School District’s funds held by the County Treasurer are invested in the Orange County Educational Investment Pool (the “Pool”) which pools all of the School District’s funds. As of December 31, 2015, the balance in the School District’s funds was \$33,114,141.12 or 0.74% of the Pool. The pool is invested 98% in securities rated in the two highest rating categories. As of December 31, 2015, the Pool has a weighted average maturity of 322 days and the year-to-date net yield is 0.52%.

The following represents the composition of the Pool as of December 31, 2015:

<b>Type of Investment</b>	<b>Market Value (In thousands)</b>	<b>% of Pool</b>
U.S. Government Agencies	\$ 2,694,014	59.54%
U.S. Treasuries	1,008,325	22.66%
Medium-Term Notes	386,383	8.69%
Money Market Funds	243,457	5.47%
Municipal Debt	12,542	0.29%
Certificates of Deposit	149,108	3.35%
Total	\$ 4,448,829	100%

Neither the School District nor the Underwriter has made an independent investigation of the investments in the pools and has made no assessment of the current County Investment Policy. The value of the various investments in the pools will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the County Treasurer, after a review by the Committee and approval by the Board may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Pools will not vary significantly from the values described therein.

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# Orange County Treasurer



## Investment Policy Statement

(Approved By B.O.S. 12/15/2015)

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# **ORANGE COUNTY TREASURER INVESTMENT POLICY STATEMENT**

## **PURPOSE**

This policy is intended to provide the structure for the prudent investment of the cash balances entrusted to the Orange County Treasurer (the “Treasurer”) and outline the policies to assist in maximizing the efficiency of the Treasurer’s cash management system while meeting the daily cash flow demands of the County, the School Districts, Community Colleges, voluntary participants and other County-related agency funds. The Treasurer’s Investment Policy Statement is approved annually by the County Board of Supervisors as required by California Government Code Section 53646 (a) (1) and reviewed annually by the Treasury Oversight Committee, pursuant to the requirements of California Government Code Section 27133. (All references are to the California Government Code unless otherwise stated.)

## **I. POLICY STATEMENT**

The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (the “OCIF”), which includes all cash balances entrusted to the Treasurer as noted above, is designed to meet both the investment and cash requirements of our participants. If separate funds are established, the Treasurer shall determine on a cash flow basis what percent of available cash will be invested in each fund.

## **II. SCOPE**

The scope of this Investment Policy Statement applies to all financial assets as indicated in II.1 below.

### **1. FUNDS**

The Treasurer is responsible for investing the unexpended cash of the OCIF, defined as all monies under the investment authority of the Treasurer, including funds, and subsets of funds, for the Orange County Department of Education; and excluding the County employee’s pension and medical trust funds which are invested separately by Orange County Employees Retirement System (OCERS), and those funds that are invested separately by the County Treasurer under bond indenture agreements. The County Funds are accounted for in the County’s CAFR and include:

- Governmental Funds, including the General Fund
- Enterprise Funds
- Fiduciary Funds
- Any other funds or new funds created by the County, unless specifically exempted

**a) Pooled Funds:**

It is the Treasurer's policy to pool certain funds for investment purposes to provide efficiencies and economies of scale. Investing through pooled funds will provide for greater use of funds by allowing for more efficient cash flows, a reduction in transaction costs, and improved access to the market. In addition to allowing for one pool for all participants, OCIF may also be split into different pools to meet the specific needs of participants such as short-term pools and longer-term pools. Each pool established will be reviewed separately for purposes of determining compliance with the Investment Policy Statement. These pools are based on the investment requirements detailed in Government Code Sections 53600 *et seq.* and 53630 *et seq.*

- i. If a longer-term pool such as an extended fund is established by the Treasurer, it will be utilized for investment requirements generally longer than one year. It will be invested primarily in high grade securities.
- ii. If a short-term pool is established, it can be established as a single pool or as separate pools depending on the needs of the pool participants. These pools will be utilized for shorter-term investment requirements and providing liquidity for immediate cash needs. They will be invested primarily in cash-equivalent securities to fulfill the primary goals of safety and liquidity.

**b) Specific Investment Accounts:**

From time to time, the Treasurer may be authorized by a participant's governing board to invest other specific investments or to manage bond proceeds issued by the County, a local school district, voluntary participant, or other local agency. This may include deposits that are set aside for future needs of a long-term nature and may be appropriately invested in longer-term securities as allowed by Government Code. Participating agencies will sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early, thereby forcing an early sale of securities rather than holding investments to maturity.

No investment will be made in any security with a remaining maturity in excess of five years at the time of purchase, unless the Board of Supervisors has granted express authority to make such an investment specifically or as part of an investment program, which may include investing through pooled funds. Board of Supervisor's approval must occur at least three months prior to the investment or investment programs being effective. Strategies for such deposits may include matching maturities with long-term liabilities.

**III. PRUDENCE**

Government Code Sections 27000.3 and Section 53600.3 provides that the "prudent investor" standard is to be used by the Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and



the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Treasurer and those delegated staff shall act in accordance with written procedures and the Investment Policy Statement, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments.

#### **IV. DELEGATION OF AUTHORITY**

Annually, the County Board of Supervisors delegates to the Treasurer the authority to invest and reinvest the funds of the County and other depositors as specified in Government Code Sections 27000.1, 53607 and 53608. Such delegation is conditioned upon the Treasurer submitting any and all investment policies and amendments thereto to the Board for review and approval. The Treasurer may further delegate investment authority to such persons within the Treasurer's Department as deemed appropriate.

#### **V. OBJECTIVES**

Criteria for selecting investments and the absolute order of priority are:

##### **1. SAFETY**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The Treasurer shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer's ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
  
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum weighted average maturity or duration for the portfolio. Occasional market losses on individual securities are inevitable with active portfolio management and must be considered within the context of the overall investment return.

##### **2. LIQUIDITY**

Liquidity refers to the recurring maturity of a portion of the investment portfolio, as well as the ability to sell an investment at any given moment with a minimal chance of principal loss. A portion of OCIF, which may be in a separate pool, will maintain liquidity for the purpose of meeting all operating requirements and reasonably anticipated cash flow needs.

### **3. YIELD**

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Although the Treasurer may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance.

### **4. MARK-TO-MARKET**

Investment pools, as described in Section II, 1 (a) of this Investment Policy Statement, are marked to market. To the extent reasonably possible and consistent with the Treasurer's trust and fiduciary duty, any funds in a short-term pool will attempt to stabilize at a \$1.00 net asset value (NAV). If the ratio of the market value of the short-term pool divided by the book value of the short-term pool is less than \$.995 or greater than \$1.005, holdings may be sold as necessary to maintain the ratio between \$.995 and \$1.005.

The Treasurer will act on a "best efforts" basis to stabilize any short-term pools within the \$.995 to \$1.005 range. However, the \$1.00 NAV is not guaranteed or insured by the Treasurer for any pool, including any longer-term pool, nor are the pools registered with the Securities Exchange Commission (SEC).

## **VI. AUTHORIZED INVESTMENTS**

The County is authorized by Government Code Section 53600 *et seq.* to invest in specific types of securities. Investments not specifically listed below are prohibited. Consistent with the requirements of law and this Investment Policy Statement, the Treasurer may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion. All securities must be U.S. dollar denominated. To the extent consistent with the objectives stated above, the investment restrictions outlined below, and the investment limitations specified in Sections VII and VIII, the pools may invest in the following areas.

### **1. U. S. TREASURY SECURITIES**

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest. There is no limit on the percentage of a pool that can be invested in this category.

### **2. U. S. GOVERNMENT AGENCY SECURITIES**

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of a pool that can be invested in this category, but each issuer is limited to 33% of any individual pool's total assets except that GSE issuers rated 'AA-' or higher with final maturities of 30 days or less are excluded from the calculation of the 33% limit.

### **3. COMMERCIAL PAPER**

Eligible commercial paper shall be of "prime" quality of the highest ranking or of the highest letter and number rating as provided by a Nationally Recognized Statistical Rating Organization (NRSRO), shall not exceed 270 days maturity, and shall not exceed 40% of a pool. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation, and has debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.
- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

Split ratings (i.e. A2/P1) are not allowed, and two NRSRO ratings are required. No more than 5% of the total assets of any individual pool may be invested in any one issuer’s commercial paper.

#### **4. NEGOTIABLE CERTIFICATES OF DEPOSIT**

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or, federal association (as defined by Section 5102 of the California Financial Code) a state-licensed branch of a foreign bank. Issuing banks must be rated by at least two NRSROs, have a short-term rating of not less than A1/P1 and a long-term rating of not less than an “A” from a NRSRO, if any. No more than 30% of any individual pool’s total assets may be invested in negotiable certificates of deposit.

#### **5. REPURCHASE AGREEMENTS**

Investments in repurchase agreements for the purpose of this Investment Policy Statement means a purchase of securities by the Treasurer pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Treasurer by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date, and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The Treasurer will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

##### **a) Collateralization:**

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and/or U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.2. Collateral will be held by an independent third party with whom the Treasurer has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must

be supplied to the Treasurer and retained. No collateral substitutions may be made without prior approval of the Treasurer.

Investments in repurchase agreements are limited to no more than 20% of any individual pool's total assets. Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

#### **6. BANKERS' ACCEPTANCES**

Bankers' acceptances, also known as time drafts (bills of exchange), are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity. Issuing banks must be rated by at least two of the NRSROs and have a short-term rating of at least A1/P1 and a long-term rating of not less than "A" from a NRSRO, if any. Bankers' acceptances are limited to no more than 40% of any individual pool's total assets.

#### **7. MONEY MARKET MUTUAL FUNDS**

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. Money market mutual funds are not required to conform to the restrictions detailed in this Investment Policy Statement, but are limited to no more than 20% of any individual pool's total assets. The Treasurer shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. At a minimum, approved money market mutual funds shall have met either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.

#### **8. STATE POOL – LOCAL AGENCY INVESTMENT FUND**

The Treasurer may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity. Investments in LAIF shall not exceed \$50 million per pool.

#### **9. MUNICIPAL DEBT**

Such instruments are defined as being issued by a local or state agency, including:

- a) Bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.

- b) Registered state warrants or treasury notes or bonds, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.
- c) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within a state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

Issuing municipalities must have a short-term rating of not less than A1/P1 and a long-term rating of not less than an “A” from the NRSROs, and two NRSRO ratings of “A” or better are required unless they have a single NRSRO rating of AA-/AA3 or better. Municipal debt issued by the County of Orange, California is exempt from this credit rating requirement.

## **10. MEDIUM-TERM NOTES**

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of not more than 397 days for any short-term pools and five years for any other pools such as a longer-term pool. Medium-term notes must be issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated not less than “A” or its equivalent from at least two NRSROs and if remaining maturity is longer than 397 days, it shall be rated by at least two NRSROs and have obtained no less than an “AA” rating by both. Investments in medium-term notes are limited to no more than 30% of any individual pool’s total assets.

## **11. INVESTMENT POOLS**

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The Treasurer shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

Investments in this investment type are limited to no more than 20% of any individual pool’s total assets. No more than 10% of an individual pool shall be invested in a single investment pool.

## **12. SUPRANATIONAL SECURITIES**

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States. Supranational securities eligible for investment shall be rated "AA" or better from at least two NRSROs. Investments in supranationals shall not exceed 30 percent of any individual pool's total assets.

## **VII. INVESTMENT RESTRICTIONS**

### **1. CREDIT RATINGS**

Credit ratings will be applied at the time of purchase of a security. A subsequent downgrade in a security's credit rating will not constitute a violation of the Investment Policy Statement. Securities which are downgraded below the minimum acceptable rating levels must be reviewed for possible sale within a reasonable amount of time. Municipal debt issued by the County of Orange, California is exempt from the credit rating requirements listed below. U.S. Government obligations (as defined in Section VI (1) and VI (2)) are exempt from the credit rating requirements listed below. The credit ratings referred to in this policy must be assigned by one of the following Nationally Recognized Statistical Rating Organizations (NRSRO): Standard & Poor's Corporation "S&P," Moody's Investors Service, Inc. "Moody's", and Fitch Ratings "Fitch."

- a) Short-term debt ratings – (two of the following and not less than the following)
- |                         |   |
|-------------------------|---|
| "A-1" or "SP-1"         | Standard & Poor's Corporation (S&P)       |
| "P-1" or "MIG 1/VMIG 1" | Moody's Investors Service, Inc. (Moody's) |
| "F1"                    | Fitch Ratings (Fitch)                     |

Split ratings are not allowed, i.e. A-1/P-1/F2 or similar. An issuer of short-term debt must have no less than an "A" rating on long-term debt, if any.

Long-term debt ratings – Investments purchased for short-term pools or with remaining maturities of 397 days or less- shall be rated by at least two NRSROs and have obtained no less than an "A" rating by any. Investments purchased for pools with remaining maturities longer than 397 days, shall be rated by at least two NRSROs and have obtained no less than an "AA" rating by any. If an issuer of long-term debt has a short-term rating, then it may not be less than A-1/SP-1 or P-1/MIG1 or F1 and should be rated by two NRSROs.

- b) Repurchase Agreement counterparties shall have a minimum short-term rating, or counterparty rating, of no less than A-1 or equivalent by two NRSROs and have capital of not less than \$500 million.
- c) Any issuer that has been placed on "Credit Watch-Negative" by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the Treasurer prior to purchase:  
The issuer has:
- (a) an A-1+ or F1+ short-term rating; or
  - (b) at least an AA or Aa2 long-term rating.



- d) If any issuer is placed on “Credit Watch-Negative” by a NRSRO, all related entities, including parent and subsidiaries, will also be placed on hold and subject to the above requirements.

**VIII. DIVERSIFICATION AND MATURITY RESTRICTIONS**

It is the policy of the Treasurer to diversify the pooled funds. Investments are diversified to minimize the risk of loss resulting in overconcentration of assets in a specific maturity, specific issuer, or a specific class of securities. Diversification strategies shall be established by the Treasurer and periodically reviewed.

**1. AUTHORIZED INVESTMENTS AND ISSUER CONCENTRATION**

Only debt issued by firms listed on the Office of the Treasurer’s Approved Issuer List may be purchased. The following diversification limits will also be applied at the time of purchase of a security.

Type of Investment	Cal Gov Code % of Funds Permitted	Orange County IPS	Cal Gov Code Maximum Final Maturity	Orange County IPS Maximum Final Maturity (All Pooled Funds Except Short-Term Funds)	Orange County IPS Maximum Final Maturity (Short-Term Fund)
U.S. Treasury Securities	100%	100%	5 Years	5 Years	397 Days
U.S. Government Agency Securities (GSEs)	100%	100% Total, no more than 33% in one issuer excluding securities with final maturities of 30 days or less	5 Years	5 Years	397 Days
Municipal Debt	100%	30% Total, no more than 5% in one issuer except 10%-County of Orange	5 Years	5 Years	397 Days
Medium-Term Notes	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
Bankers Acceptances	40%, 30% of a single issuer	40% Total, no more than 5% in one issuer	180 Days	180 Days	180 Days
Commercial Paper	40%, 10% of a single issuer	40% Total, no more than 5% in one issuer	270 Days	270 Days	270 Days
Negotiable Certificates of Deposits	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days
State of California Local Agency Investment Fund	\$50 million per account	\$50 million per pool	N/A	N/A	N/A
Repurchase Agreements	100%	20% Total, no more than 10% in one issuer	1 Year	1 Year	1 Year
Money Market Mutual Funds	20%	20% Total	N/A	N/A	N/A
Investment Pools	100%	20% Total, no more than 10% in one pool	N/A	N/A	N/A
Supranationals	30%	30% Total, no more than 5% in one issuer	5 Years	5 Years	397 Days

## 2. MATURITY

- a) The weighted average maturity (WAM) of any short-term pool, on a dollar-weighted basis, shall not exceed 60 days.
- b) The maximum maturity of any investment purchased will be five years with the exception of investments and investment pools authorized by the Board of Supervisors to be invested in longer than five year maturities.

If short-term and long-term pools are used, the following restrictions will apply:

Short-term pool	13 months (397)
Long-term pool	5 years

- c) For purposes of calculating a final maturity date, the earlier of either the final maturity date, pre-refunded date, or mandatory put to tender option date that will be used.
- d) For purposes of calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

## 3. DURATION

- a) All pools, except short-term pools, shall have an effective duration not to exceed a leading 1-3 year index +25%.

## IX. PROHIBITED TRANSACTIONS

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the Government Code, as may be amended from time to time. No investment prohibited by Government Code shall be permitted herein.

Any investment transactions, credit risk criterion, percentage limitations, or market valuation that are not in compliance with this Investment Policy Statement and cannot be corrected without penalty **at time of purchase** must be documented and approved by the Treasurer in writing as soon as possible. Thereafter, action shall be taken by the Treasurer to correct such matter as soon as practical. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction.

- 1. The following transactions are prohibited:
  - a) Borrowing for investment purposes ("Leverage").
  - b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j) (3) and (j) (4) or otherwise.
  - c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of



deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple “floating rate notes,” whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, or LIBOR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds, U.S. Treasury and Agency strips, Resolution Funding Corporation (REFCORP) strips, or other callable securities which otherwise meet the quality, maturity, and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g. options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

## **X. ETHICS AND CONFLICT OF INTEREST**

The Treasurer and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The Treasurer and all treasury and investment personnel shall disclose to the Treasury Oversight Committee any material financial interests in financial institutions, broker dealers, and vendors (“outside entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such outside entities.

### **1. STATEMENT OF ECONOMIC INTEREST FORM 700**

The Treasurer, Auditor-Controller, members of the Treasury Oversight Committee, and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

### **2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.**

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the Treasurer, Auditor-Controller, and “designated employees” from business entities and individuals that “do business with the County” as that termed in defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. For purposes of the Treasurer’s Office, “designated employees” include: the Chief Assistant Treasurer-Tax Collector, the Assistant Treasurer-Tax Collectors, all investment staff, all financial/credit analysts, all cash managers, and all accounting and compliance staff. The Treasurer will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

## **XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS**

The Treasurer will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1(uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Section 27133(c) of the Government Code prohibits the selection of any broker, brokerage, dealer, or securities firm that has made a contribution to the Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48 month period. A detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services. The Treasurer shall conduct an annual review of each broker/dealer’s and financial institution’s financial condition and registrations to determine whether it should remain on the approved list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The Treasurer shall, at least every two years, review all new broker/dealers and financial institutions submitting a questionnaire to determine if they should be added to the approved list. The Treasurer shall annually send a copy of the current Investment Policy Statement to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the Treasurer in writing of receipt and that they have read it.

## **XII. PERFORMANCE EVALUATION**

The Treasurer shall submit monthly, quarterly, and annual reports (in compliance with Government Code Sections 53607, 53646, and 27134) to the Treasury Oversight Committee, the pool participants, the County Executive Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, and the Board of Supervisors. These reports shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall be in compliance with Government Code. In accordance with GASB Statements 31 and 40, the Treasurer shall provide financial information on investments for the County’s Comprehensive Annual Financial Report.

## **XIII. SAFEKEEPING**

All security transactions, including collateral for repurchase agreements, entered into by the Treasurer shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCIF or the specific pool name as its registered owner except for municipal debt issued by the County of Orange and privately placed with the County Treasurer in which case the investments shall have the Orange County Treasurer on behalf of the OCIF as its registered owner.

All securities shall be held by a third party custodian designated by the Treasurer (this does not apply to money market funds or investment pools). The third party custodian shall be

required to issue a safekeeping statement to the Treasurer listing the specific instrument, rate, maturity, and other pertinent information.

#### **XIV. MAINTAINING THE PUBLIC TRUST**

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

#### **XV. INTERNAL CONTROLS**

The Treasurer shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's Office. The Treasurer shall evaluate audit reports in a timely manner with the Treasury Oversight Committee. The quarterly audit reports of the Treasury shall be provided as required by Government Code Sections 26920 through 26922. Daily compliance of the investment portfolio shall be performed by the Treasurer's Compliance Division. Compliance will be determined on a fair market value basis. Cash held at the bank will not be included in the pool balance. All agreements, statements, and trade packets will be subject to review annually by auditors in conjunction with their audit.

##### **1. INVESTMENT PROCEDURES**

The Treasurer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

No investment personnel may engage in an investment transaction except as provided under terms of this policy and the procedures established by the County Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of all Treasury and Investment personnel.

#### **XVI. EARNINGS AND COSTS APPORTIONMENT**

The Treasurer determines the interest earnings for the respective pools on an accrual basis. Accrual basis interest earnings and Treasury administrative fees (see below) are allocated to each individual pool participant based upon their average daily balance on deposit with the Treasurer. The actual cash distribution is generally paid in the months following.

As authorized by Government Code Section 27013, the Treasurer will charge all pool participants for administrative and overhead costs. Costs include, but are not limited to, portfolio management, bank and custodial fees, software maintenance fees, and other indirect costs incurred from handling or managing funds. In addition, the costs of compliance with the Treasury Oversight provisions of Government Code Sections 27130 through 27137 shall be included as administrative costs. The Treasurer shall annually prepare a proposed budget

revenue estimate, providing a detailed itemization of all estimated costs which comprise the administrative fee charged in accordance with Government Code Section 27013. The Treasurer will be required to annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings and the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. As of the first working day of the following period, the pool participants' account will reflect the gross investment earnings and the estimated monthly administrative and overhead costs. The Treasurer's monthly report will state the current estimated fees charged to participants.

## **XVII. VOLUNTARY PARTICIPANTS**

Should a local agency within Orange County, or a Joint Powers Agency (JPA) consisting of at least one public agency from within Orange County, not required by California law to deposit monies with the Treasurer desire entry into the Treasurer's Investment Pool, the agency shall comply with the requirements of Government Code Section 53684 and provide to the Treasurer a resolution adopted by its governing board stating that excess funds are available for the purpose of investment. The resolution shall specify that the local agency authorizes the investment of excess funds pursuant to Section 53684, those persons authorized at the agency to coordinate the transactions, the agency's willingness to be bound by the withdrawal provisions of Government Code Section 27136, and the agency's understanding that administrative charges will be deducted by the Treasurer as permitted by Sections 53684(b) and 27013. The Treasurer shall approve or disapprove such agency's request in writing. Upon the Treasurer's approval of voluntary participants to join the pool, the Treasurer will notify the Board of Supervisors within 5 days.

Monies deposited by local agencies approved for entry into the Treasurer's Investment Pool will be invested in the OCIF and shall be invested by the Treasurer in accordance with this Investment Policy Statement, as amended from time to time. The local agency's authorized representative will execute an agreement with the Treasurer. This agreement specifies the contractual terms and conditions by which the Treasurer will manage and invest local agency's excess funds which have been deposited for investment with the Treasurer.

## **XVIII. WITHDRAWAL**

Withdrawal of participant funds for the purpose of investing or depositing these funds outside the County treasury shall require prior written approval from the Treasurer or designee. The Treasurer shall thereafter review the withdrawal request consistent with his/her trust and fiduciary duties. Prior to approving or disapproving the withdrawal request, the Treasurer or designee shall make a finding of the effect on the stability and predictability of the investments and on the interests of the other depositors in the County treasury. (Government Code Sections 27000.3, 27133(h), 27136 and 53684(c))

## **XIX. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk

constraints and the cash flow needs, but focusing on, in order of importance, preservation of capital, liquidity, and yield.

The Treasurer's investment strategy is to actively manage the portfolios to create less risk than a benchmark comparable index and to use economies of scale to invest and administer the program at a reasonable cost. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

## **XX. INVESTMENT POLICY STATEMENT REVIEW**

This Investment Policy Statement shall be reviewed on an annual basis by the Treasury Oversight Committee prior to being presented to for review and approval by, the Board of Supervisors in an open session.

## **XXI. FINANCIAL REPORTING**

The monthly Treasurer's Investment Report and all compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Auditor-Controller Internal Audit, the Auditor-Controller, the Treasury Oversight Committee, the presiding judge of the Superior Court, the director or director executive officer and Treasurer or other official responsible for the funds of any Local Agency who has investments in the OCIF as allowed by Government Code Sections 53607, 53646, and 53686.

All reports filed by the Treasurer in accordance with Government Code Section 53646 shall, among other matters, state compliance of the portfolio with the Investment Policy Statement, or the manner in which the portfolio is not in compliance. A statement will also be filed by the Treasurer in accordance with Government Code 53646(b) denoting the ability of each pool to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

## **XXII. LEGISLATIVE CHANGES**

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Investment Policy Statement will, upon effectiveness, be incorporated into this Investment Policy Statement and supersede any and all previous applicable language.

## **XXIII. DISASTER RECOVERY PROGRAM**

The Treasurer's Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. Three copies of the Disaster Plan for home, office, and car have been distributed to key treasury and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable.

In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the Treasurer's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.



## **INVESTMENT POLICY STATEMENT GLOSSARY**

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy Statement. The definitions included herein do not modify any of the terms of this Investment Policy Statement or applicable law.

**ACCRUED INTEREST:** The amount of interest that is earned but unpaid since the last interest payment date.

**ADJUSTABLE RATE NOTE:** (See Floating Rate Note)

**AGENCY SECURITIES:** (See U.S. Government Agency Securities)

**AMORTIZATION:** The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

**AVERAGE LIFE:** The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**ASKED PRICE:** The price at which securities are offered from a seller.

**ASSET BACKED SECURITIES (ABS):** (See Receivable-Backed Securities)

**BANKERS' ACCEPTANCE (BA):** Negotiable money market instruments issued primarily to finance international trade. These are time drafts in which a bank "accepts" as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer.

**BASIS POINT:** When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

**BID PRICE:** The price at which a buyer offers to buy a security.

**BOOK ENTRY:** The system, maintained by the Federal Reserve, by which most money market securities are "delivered" to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

**BOOK VALUE:** The original cost of the investment, plus accrued interest and amortization of any premium or discount.

**BROKER:** A broker brings buyers and sellers together and is compensated for his/her service.

**CALLABLE BONDS:** Bonds that may be redeemed by the issuing company prior to the maturity date.

**CALL PRICE:** The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

**CALL RISK:** The risk to a bondholder that a bond may be redeemed prior to maturity.

**CAPITAL GAIN/LOSS:** The profit or loss realized from the sale of a capital asset.

**CERTIFICATE OF DEPOSIT (CD or NCD):** A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

**COLLATERAL:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

**COMMERCIAL PAPER (CP):** Short-term unsecured promissory notes issued by corporations for maturities of 180 days or less.

**CONSUMER RECEIVABLE-BACKED BONDS:** (See Receivable-Backed Securities)

**CONVEXITY:** A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

**CREDIT OUTLOOK:** (See Rating Outlook)

**CREDIT QUALITY:** The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

**CREDIT RISK:** The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**CREDIT WATCH:** indicates that a company's credit is under review and credit ratings are subject to change.

+ (positive)	Credit is under review for possible upgrade.
- (negative)	Credit is under review for possible downgrade.
Evolving/ Neutral	Credit is under review, direction uncertain.

**COUPON:** The rate at which a bond pays interest.

**CURRENT YIELD:** The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.



**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVE:** A security whose interest rate of principal amount may vary and are determined by a market index or a combination of market indexes.

**DISCOUNT:** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION:** An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

**DOLLAR-WEIGHTED AVERAGE MATURITY:** A calculation that expresses the “average maturity” of an investment portfolio using each investment’s maturity weighted by the size of that investment.

**DOMINION BOND RATING SERVICE, LTD:** (see Nationally Recognized Statistical Rating Organization)

**DURATION:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**FEDERAL FUNDS RATE:** Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** A U.S. centralized banking system, which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

**FITCH, INC:** (see Nationally Recognized Statistical Rating Organization)

**FIXED-INCOME SECURITIES:** Securities that return a fixed income over a specified period.

**FLOATING RATE NOTE:** A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, LIBOR, etc.).

**INTEREST:** The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

**INTERNAL CONTROLS:** An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

**INVESTMENT COMPANY ACT OF 1940:** Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**LIQUIDITY:** The speed and ease with which an investment can be converted to cash.

**LOCAL AGENCY:** County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

**MARK-TO-MARKET:** The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

**MARKET RISK:** The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**MASTER REPURCHASE AGREEMENT:** A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

**MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.

**MEDIUM TERM NOTES (MTN):** Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five-year maturity range. MTNs issued by banks are also called "bank notes."

**MONEY MARKET:** The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

**MONEY MARKET MUTUAL FUNDS:** An investment company that pools money from investors and invest in a variety of short-term money market instruments.

**MOODY'S INVESTORS SERVICE, INC:** (See Nationally Recognized Rating Services)

**MUNICIPAL DEBT:** Bonds, notes and other securities issued by a state, municipality or county.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO):** Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; Fitch, Inc.; and Dominion Bond Rating Service, Ltd.

**NEGOTIABLE CD:** (See Certificates of Deposit)

**NET ASSET VALUE (NAV):** A per-share valuation of a mutual fund based on total assets minus total liabilities.

**NON-CALLABLE:** Bond that cannot be called at the option of the issuer.

**OFFER PRICE:** The price asked by a seller of securities.

**PAR or PAR VALUE:** The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

**PHYSICAL DELIVERY:** The delivery of an investment to a custodian bank in the form of a physical certificate and/or supporting documents evidencing the investment (as opposed to "book entry" delivery).

**PORTFOLIO:** A group of securities held by an individual or institutional investor.

**PREMIUM:** The difference between the par value of a bond and the market value of the bond, when the market value is above par.

**PRICE RISK:** The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

**PRIMARY DEALER:** One of 21 banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

**PRIME RATE:** The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

**PRINCIPAL:** The face value or par value of an investment.

**PROSPECTUS:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

**RATING OUTLOOK:** The potential direction of the credit rating assigned by a NRSRO for a specific company.

**REINVESTMENT RISK:** The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

**RECEIVABLE-BACKED SECURITIES:** Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

**RECEIVABLE PASS-THROUGH CERTIFICATE:** A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

**REFUNDED BOND:** A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

**REGISTERED STATE WARRANT:** A short-term obligation of a state governmental body issued in anticipation of revenue.

**REPURCHASE AGREEMENT (REPO):** The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

**RULE 2a-7 OF THE INVESTMENT COMPANY ACT:** Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 60-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**SAFEKEEPING:** Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

**SECURITIES & EXCHANGE COMMISSION (SEC):** The federal agency responsible for supervising and regulating the securities industry.

**SINKING FUND:** Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

**STANDARD & POOR'S CORPORATION:** (See Nationally Recognized Rating Services)

**STRUCTURED INVESTMENT VEHICLE (SIV):** A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

**SUPRANATIONAL:** An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

**THIRD-PARTY CUSTODIAL AGREEMENT:** (See Custodian)

**TOTAL RETURN:** The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

**TRADE DATE:** The date and time corresponding to an investor's commitment to buy or sell a security.

**U. S. GOVERNMENT AGENCY SECURITIES:** Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB), Resolution Trust Corporation (RTC), and Tennessee Valley Authority (TVA).

**U.S. TREASURY SECURITIES:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**Treasury bills:** non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

**Treasury notes:** interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

**Treasury bonds:** interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

**UNIFORM NET CAPITAL RULE:** SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**VARIABLE RATE NOTE:** (See Floating Rate Note)

**VOLATILITY:** A degree of fluctuation in the price and valuation of securities.

**WEIGHTED AVERAGE MATURITY (WAM):** The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

**WHEN ISSUED (WI):** A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

**YIELD:** The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

**YIELD TO CALL (YTC):** The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

**YIELD TO MATURITY (YTM):** The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

**ZERO-COUPON BONDS/U.S. TREASURY STRIPS:** A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. Zeros or strips mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.



*Treasurer's Monthly*  
**INVESTMENT**  
DECEMBER 2015 **REPORT**

From the Office of  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM  
Orange County Treasurer



COUNTY OF ORANGE

TREASURER'S INVESTMENT REPORT  
For December 31, 2015

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OFFICE OF THE TREASURER-TAX COLLECTOR  
SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM




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## INTERDEPARTMENTAL COMMUNICATION

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**Date:** January 15, 2016

**To:** Supervisor Lisa Bartlett, Chairwoman  
Supervisor Michelle Steel, Vice-Chair  
Supervisor Andrew Do  
Supervisor Todd Spitzer  
Supervisor Shawn Nelson

**From:** Shari L. Freidenrich, CPA, CCMT, CPFA, ACPFIM 

**Subject:** Treasurer's Investment Report for the Month Ended December 31, 2015

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Attached, please find the Treasurer's Investment Report for the County of Orange for the month ended December 31, 2015. The County Treasurer provides this report in compliance with California Government Code Sections 53607, 53646, and 27134 and the County's Investment Policy Statement (IPS). We have included some charts and other data for your information including charts on fund composition and the top ten pool participants. This report is also publicly available on our website at [ocgov.com/ocinvestments](http://ocgov.com/ocinvestments).

### INVESTMENT POOL COMPOSITION

The investments contained within this report are as of December 31, 2015. The Investment Pool Statistics summary shows the total investment responsibility of the County Treasurer as delegated by the Board of Supervisors: the Orange County Investment Pool (OCIP) that includes the Voluntary Participants' funds, the Orange County Educational Investment Pool (OCEIP), the John Wayne Airport Investment Pool and various other non-Pooled investment funds. The investment practices and policies of the Treasurer are based on compliance with State law and prudent money management. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The County Treasurer established three Money Market Funds, the Orange County Money Market Fund, the Orange County Educational Money Market Fund, and the John Wayne Airport Investment Pool, which all are invested in cash-equivalent securities and provide liquidity for immediate cash needs. Standard & Poor's, on August 11, 2015, reaffirmed their highest rating of AAAM on the Orange County and the Educational Money Market Funds. The County Treasurer also established the Extended Fund that is for cash needs between one and five years. The Orange County Investment Pool is comprised of the Orange County Money Market Fund and portions of the Extended Fund. The Orange County Educational Investment Pool is comprised of the Orange County Educational Money Market Fund and portions of the Extended Fund.

The maximum maturity of investments for the Orange County and Educational Money Market Funds and the John Wayne Airport Investment Pool is 13 months, with a maximum weighted average maturity (WAM) of 60 days, and they have a current WAM of 56, 55 and 58 respectively. The maximum maturity of the Extended Fund is five years, with duration not to exceed the Merrill Lynch 1-3 Year index +25% (2.34). The duration is currently at 1.42. The investments in all of the funds are marked to market daily to determine the value of the funds. To further maintain safety, adherence to an investment strategy of only purchasing top-rated securities and diversification of instrument types and maturities is required.

### ECONOMIC UPDATE

In December, the job market added 292,000 new jobs, and November's job numbers were revised upward by 41,000 to 252,000. The U.S. unemployment rate was unchanged at 5.0%. U.S. gross domestic product (GDP) was revised down in the third quarter of 2015 to a 2.0% annualized rate from 2.1%. The Empire State Manufacturing Index remained below zero at -4.6 while the Philadelphia Fed Index dropped below zero to -5.9. The Federal Reserve uses these indexes as

regional economic gauges, and a reading above zero signals economic expansion. With respect to housing, S&P/CaseShiller reported that housing prices continue to show positive momentum as year-over-year prices increased for the forty-first consecutive month in October, up 5.54% from a year ago. The index for pending home sales increased 5.1% on a year-over-year basis in November. The 10-year Treasury rate increased six basis points in December to 2.27%.

The short-term 90-day T-bill ended the month at 0.16%, down from 0.17% in November, and the rate on the 2-year Treasury note was 1.05% at the end of December, up from 0.93% in November.

#### **INVESTMENT INTEREST YIELDS AND FORECAST**

The current gross interest yield year-to-date for fiscal year 2015/2016 is 0.57% for the Orange County Investment Pool and 0.59% for the Orange County Educational Investment Pool. The current net yield for fiscal year 2015/2016 is 0.50% and 0.52% respectively. The forecasted gross yield for the fiscal year 2015/2016 for the Orange County Investment Pool and Orange County Educational Investment Pools is expected to be 0.70%, versus the 0.55% originally forecasted based on the increase in the short-term Federal Funds Rate of 0.25% on December 17, 2015. The net year-to-date yields are expected to be 0.63% up from the original forecast of 0.48%.

#### **APPORTIONMENT OF COMMINGLED POOL INTEREST EARNINGS**

Each month, the County Treasurer apportions the accrued interest earnings to each pool participant. As of the first business day of the following month accrued, but unpaid, interest earnings are added to pool participants' average balances in determining a participant's relative share of the pool's monthly earnings. The actual cash distribution will generally be paid in the months following. The December 2015 interest apportionment is expected to be paid by January 31, 2016. The investment administrative fee for fiscal year 2015/2016 is estimated at 7.0 basis points.

#### **TEMPORARY TRANSFERS**

The County Treasurer, as required by Constitution Article XVI, Section 6, and per the Board of Supervisor's Resolution 15-016, is authorized to make temporary transfers to school districts to address their short-term cash flow needs. The loans are secured by tax receipts to be received by the County Treasurer, as the banker for the school districts. Temporary transfers from the Orange County Educational Investment Pool totaled \$41 million and will be repaid by April 30, 2016.

#### **PORTFOLIO HOLDINGS OF DEBT ISSUED BY POOL PARTICIPANTS**

Under guidelines outlined in the current IPS, the County Treasurer may invest in A or above rated securities issued by municipalities. Municipal debt issued by the County of Orange is exempt from this credit rating requirement. The Investment Pools may invest no more than 5% of pool assets in any one issuer, with the exception of the County of Orange which has a 10% limit. The Investment Pools have a total market value of \$25 million in AA rated County of Orange debt, which represents approximately 0.29% of assets. Prior to purchasing any pool participant debt, a standardized credit analysis is performed.

#### **COMPLIANCE SUMMARY**

The investment portfolios had no compliance exceptions for the month of December 2015. The Auditor- Controller Report on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2015 stated that no material modifications needed to be made to the financial statements prepared on a modified cash basis. The Auditor- Controller Report on Continuous Compliance Auditing of the Treasurer's Investment Portfolio for the Quarter Ended September 30, 2015 identified no deficiencies.

#### **CREDIT UPDATE**

During December, there was one update to the Treasurer's Approved Issuer List. One issuer, Orange County Pension Obligation Bonds, Series 2015 A, was assigned an upgrade by Standard & Poor's from AA- to AA in their long-term debt rating. An ongoing credit analysis of all issuers owned in the Investment Pools is reviewed on a daily, monthly, quarterly and annual basis.

I certify that this report includes all pool and non-pooled investments as of December 31, 2015 and is in conformity with all State laws and the IPS approved by the Board of Supervisors on December 16, 2014. The investments herein shown provide adequate liquidity to meet the next six months of projected cash flow requirements. I am available if you have any questions on this Investment Report at (714) 834-7625.

Enclosures

cc: Distribution List

**ORANGE COUNTY TREASURER-TAX COLLECTOR**

**SUMMARY OF INVESTMENT DATA**

**INVESTMENT TRENDS**

	DECEMBER 2015	NOVEMBER 2015	INCREASE (DECREASE)	NET CHANGE %	DECEMBER 2014	INCREASE (DECREASE)	NET CHANGE %
<b><u>Orange County Investment Pool (OCIP)</u></b>							
End Of Month Market Value <sup>1,2</sup>	\$ 4,232,921,962	\$ 4,003,830,711	\$ 229,091,251	5.72%	\$ 3,882,065,635	\$ 350,856,327	9.04%
End Of Month Book Value <sup>2</sup>	\$ 4,238,194,740	\$ 4,005,302,408	\$ 232,892,332	5.81%	\$ 3,882,995,464	\$ 355,199,276	9.15%
Monthly Average Balance <sup>2</sup>	\$ 4,255,155,784	\$ 3,753,729,505	\$ 501,426,279	13.36%	\$ 4,033,901,483	\$ 221,254,301	5.48%
Year-To-Date Average Balance	\$ 3,565,912,038	\$ 3,428,063,288	\$ 137,848,749	4.02%	\$ 3,299,763,621	\$ 266,148,417	8.07%
Monthly Accrued Earnings <sup>3</sup>	\$ 2,009,787	\$ 1,798,899	\$ 210,888	11.72%	\$ 1,193,721	\$ 816,066	68.36%
Monthly Net Yield <sup>3</sup>	0.45%	0.51%	-0.07%	-12.76%	0.27%	0.18%	66.30%
Year-To-Date Net Yield <sup>3</sup>	0.50%	0.51%	-0.01%	-2.73%	0.33%	0.17%	51.21%
Annual Estimated Gross Yield <sup>4</sup>	0.70%	0.70%	0.00%	0.00%	0.41%	0.29%	70.73%
Weighted Average Maturity (WAM)	335	353	(18)	-5.10%	350	(15)	-4.29%
<b><u>Orange County Educational Investment Pool (OCEIP)</u></b>							
End Of Month Market Value <sup>1</sup>	\$ 4,448,829,056	\$ 3,156,251,092	\$ 1,292,577,964	40.95%	\$ 4,222,341,487	\$ 226,487,569	5.36%
End Of Month Book Value <sup>2</sup>	\$ 4,454,040,991	\$ 3,157,665,265	\$ 1,296,375,726	41.05%	\$ 4,223,291,799	\$ 230,749,192	5.46%
Monthly Average Balance <sup>2</sup>	\$ 3,772,796,819	\$ 3,237,807,100	\$ 534,989,719	16.52%	\$ 3,656,566,572	\$ 116,230,247	3.18%
Year-To-Date Average Balance	\$ 3,520,265,189	\$ 3,469,758,863	\$ 50,506,326	1.46%	\$ 3,400,043,988	\$ 120,221,201	3.54%
Monthly Accrued Earnings <sup>3</sup>	\$ 2,048,659	\$ 1,810,183	\$ 238,477	13.17%	\$ 1,215,125	\$ 833,534	68.60%
Monthly Net Yield <sup>3</sup>	0.56%	0.59%	-0.03%	-5.76%	0.32%	0.24%	73.75%
Year-To-Date Net Yield <sup>3</sup>	0.52%	0.51%	0.01%	1.77%	0.34%	0.18%	52.06%
Annual Estimated Gross Yield <sup>4</sup>	0.70%	0.70%	0.00%	0.00%	0.41%	0.29%	70.73%
Weighted Average Maturity (WAM) <sup>5</sup>	322	437	(115)	-26.32%	331	(9)	-2.72%

<sup>1</sup> Market values provided by Bloomberg and Northern Trust.

<sup>2</sup> In December 2015, the OCIP and OCEIP fund balances were higher than November 2015 primarily due to incoming secured property tax receipts.

<sup>3</sup> In December 2015, both OCIP and OCEIP monthly accrued earnings were higher than November 2015 and year-to-date net yields were higher than December 2014, primarily due to reductions in excess liquidity and improved cash management resulting in higher pool yields. In December 2015, the OCIP monthly net yield dropped due to incoming property tax dollars that were deposited and invested in short maturities until distribution to County Agencies, Cities, and School and Community College Districts in December, and is consistent with yield drops in prior years. The Treasurer continues to explore options to minimize this drop in yield due to the short duration of holding these property tax dollars.

<sup>4</sup> Annual estimated gross yield for December 2014 is reported at the actual annual gross yield for FY14/15, and the annual estimated gross yields for December 2015 are reported at the latest forecasted yield of 0.70% up from the previous forecast of 0.55%. The Annual estimated gross yield for FY 15/16 is higher than FY 14/15 due to an increase in the short-term Federal Funds Rate of 0.25% on December 17, 2015, reductions in excess liquidity and improved cash management while maintaining the same high credit quality of securities.

<sup>5</sup> The OCEIP WAM was decreased in December 2015 due to a temporary increase in shorter maturities related to the December receipt of over \$1.02 billion from the secured property tax distributions.

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
**INVESTMENT POOL STATISTICS**  
**FOR THE MONTH AND QUARTER ENDED: DECEMBER 31, 2015**

**INVESTMENT STATISTICS - By Investment Pool\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 12/31/15	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
<b>COMBINED POOL BALANCES</b> (includes the Extended Fund)						
Orange County Investment Pool (OCIP)	MARKET Value \$ 4,232,921,962	335	0.60%	0.56%	0.58%	1.00
	COST (Capital) \$ 4,247,530,620					
	MONTHLY AVG Balance \$ 4,255,155,784					
	QUARTERLY AVG Balance \$ 3,833,856,406					
	BOOK Value \$ 4,238,194,740					
Orange County Educational Investment Pool (OCEIP)	MARKET Value \$ 4,448,829,056	322	0.66%	0.64%	0.65%	1.00
	COST (Capital) \$ 4,463,586,937					
	MONTHLY AVG Balance \$ 3,772,796,819					
	QUARTERLY AVG Balance \$ 3,449,175,762					
	BOOK Value \$ 4,454,040,991					

**INVESTMENT STATISTICS - Non Pooled Investments \*\***

DESCRIPTION	CURRENT BALANCE	BOOK BALANCE BY INVESTMENT TYPE
<b>Specific Investment</b>		
<b>Funds:</b>		
100, 15B, 283, 505, 650 FVSD	MARKET Value \$ 300,074,435	County General-Tax Exempt Non AMT \$ 221,115,114
	COST (Capital) \$ 300,237,064	John Wayne Airport Investment Pool 50,003,777
	MONTHLY AVG Balance \$ 213,738,640	Repurchase Agreement 1,081,500
	QUARTERLY AVG Balance \$ 271,177,603	Fountain Valley School District Fund 40 27,949,566
	BOOK Value \$ 300,129,609	GNMA Mortgage-Backed Securities 87,107
		<b>\$ 300,237,064</b>

**MONTH END TOTALS**

INVESTMENTS & CASH	FUND ACCOUNTING & SPECIFIC INVESTMENTS
<b>COUNTY MONEY MARKET FUND (OCMMF)</b>	
County Money Market Fund \$ 1,721,194,633	County Funds \$ 4,250,424,282
County Cash 2,893,662	Educational Funds 4,463,626,937
<b>EXTENDED FUND</b> 5,064,335,987	Specific Investment Funds 300,237,064
<b>EDUCATIONAL MONEY MARKET FUND (OCEMMF)</b>	
Educational Money Market Fund 1,925,586,937	
Educational Cash 40,000	
<b>NON-POOLED INVESTMENTS</b>	
Non Pooled Investments @ Cost 300,237,064	
<b>\$ 9,014,288,283</b>	<b>\$ 9,014,288,283</b>

**KEY POOL STATISTICS**

INTEREST RATE YIELD	WEIGHTED AVERAGE MATURITY (WAM)
OCMMF - MONTHLY GROSS YIELD 0.20%	OCMMF 56
OCEMMF - MONTHLY GROSS YIELD 0.31%	OCEMMF 55
JOHN WAYNE AIRPORT - MONTHLY GROSS YIELD 0.28%	JOHN WAYNE AIRPORT WAM 58
OCIP - YTD NET YIELD*** 0.50%	LGIP WAM (Standard & Poors) 39
OCEIP - YTD NET YIELD*** 0.52%	
90-DAY T-BILL YIELD - MONTHLY AVERAGE 0.21%	



**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POOL STATISTICS  
FOR THE MONTH AND QUARTER ENDED: DECEMBER 31, 2015**

**INVESTMENT STATISTICS - By Investment Fund\*\*\*\***

DESCRIPTION	CURRENT BALANCES	Average Days to Maturity	Daily Yield as of 12/31/15	MONTHLY Gross Yield	QUARTER Gross Yield	Current NAV
<u>County Money Market Fund (OCMMF)</u>	MARKET Value \$ 1,720,712,911	56	0.26%	0.20%	0.16%	1.00
	COST (Capital) \$ 1,721,194,633					
	MONTHLY AVG Balance \$ 1,734,135,905					
	QUARTERLY AVG Balance \$ 1,290,064,113					
	BOOK Value \$ 1,720,778,238					
<u>Educational Money Market Fund (OCEMMF)</u>	MARKET Value \$ 1,925,021,216	55	0.29%	0.31%	0.24%	1.00
	COST (Capital) \$ 1,925,586,937					
	MONTHLY AVG Balance \$ 1,234,796,819					
	QUARTERLY AVG Balance \$ 911,175,762					
	BOOK Value \$ 1,925,001,658					
<u>Extended Fund</u>	MARKET Value \$ 5,036,016,892	525	0.84%	0.80%	0.79%	1.00
	COST (Capital) \$ 5,064,335,987					
	MONTHLY AVG Balance \$ 5,059,019,878					
	QUARTERLY AVG Balance \$ 5,081,792,293					
	BOOK Value \$ 5,046,455,836					
<b>ALLOCATION OF EXTENDED FUND</b>						
<u>Extended Fund OCIP Share</u>	MARKET Value \$ 2,512,209,051	525	0.84%	0.80%	0.79%	1.00
	COST (Capital) \$ 2,526,335,987					
	MONTHLY AVG Balance \$ 2,521,019,878					
	QUARTERLY AVG Balance \$ 2,543,792,293					
	BOOK Value \$ 2,517,416,502					
<u>OCEIP Share</u>	MARKET Value \$ 2,523,807,840	525	0.84%	0.80%	0.79%	1.00
	COST (Capital) \$ 2,538,000,000					
	MONTHLY AVG Balance \$ 2,538,000,000					
	QUARTERLY AVG Balance \$ 2,538,000,000					
	BOOK Value \$ 2,529,039,334					
<u>Modified Duration</u>						1.42

\* The Combined Pool Balances include the County and Educational Money Market Funds and their respective portions of the Extended Fund.

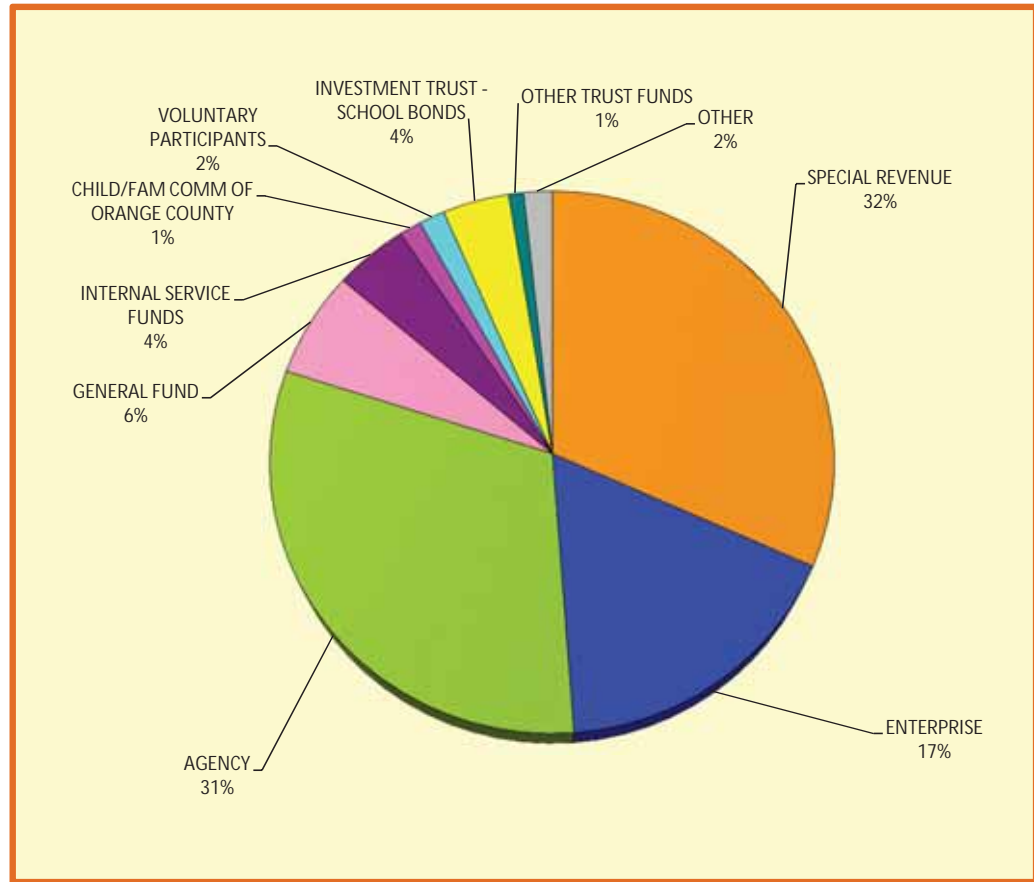
\*\* Specific non pooled investments are reported in compliance with Government Code Section 53646 (b)(1). Detailed descriptions are included in the inventory listing in Section VII of this report.

\*\*\* The Net Yield differs from the monthly average yield as it includes the Treasury administration fees.

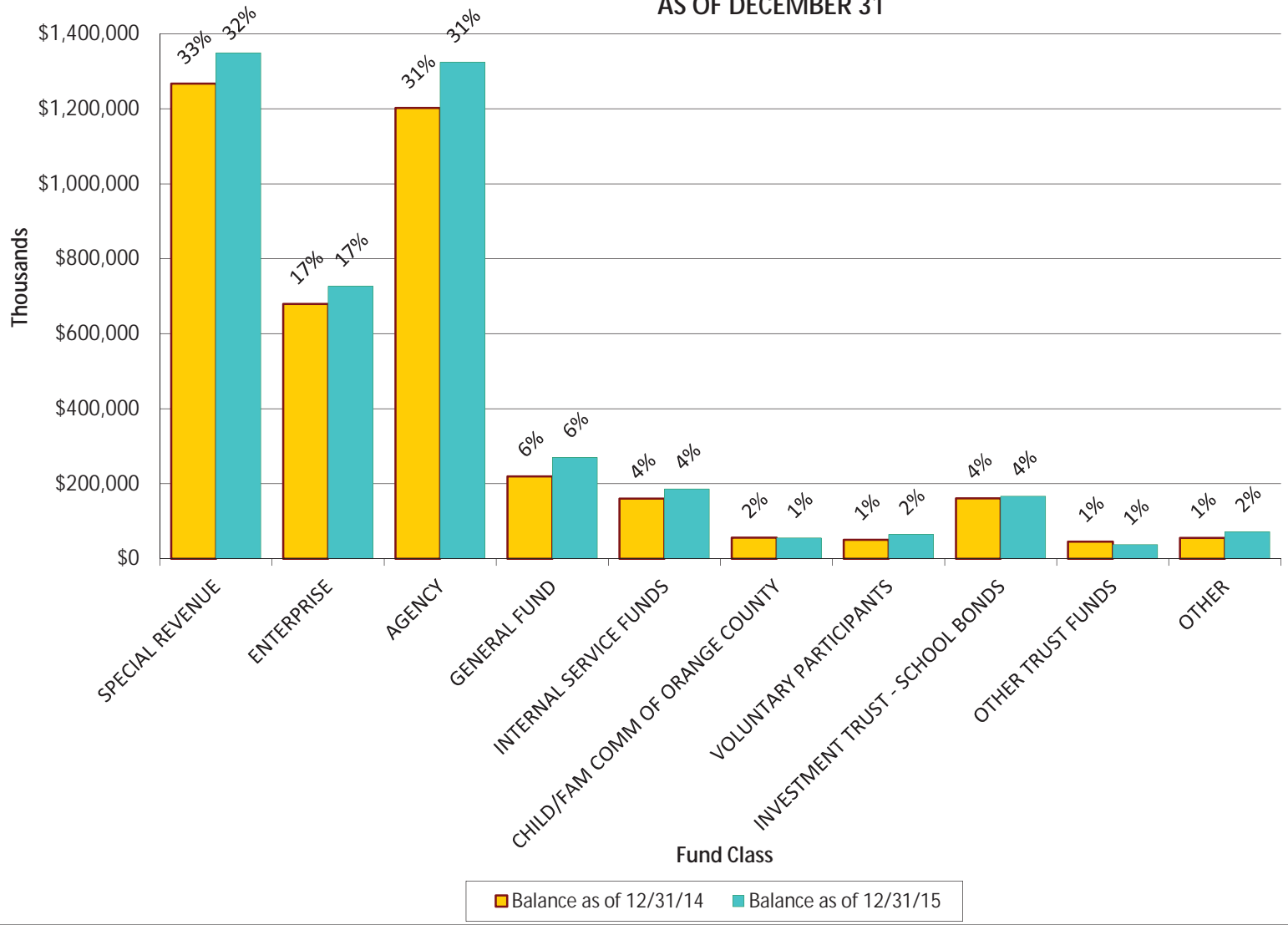
\*\*\*\* Book Value is computed as Cost reduced by amortization of premium and increased by the accretion of discount of the Investment Portfolio. Net Asset Value (NAV) is equal to Market Value divided by Book Value.

**ORANGE COUNTY INVESTMENT POOL  
COMPOSITION BY FUND  
AS OF DECEMBER 31, 2015**

<b>FUNDS</b>	<b>BALANCE</b>
SPECIAL REVENUE	\$ 1,349,595,460
ENTERPRISE	726,279,165
AGENCY	1,324,345,678
GENERAL FUND	269,926,456
INVESTMENT TRUST - SCHOOL BONDS	166,896,090
INTERNAL SERVICE FUNDS	185,749,423
CHILD/FAM COMM OF ORANGE COUNTY	55,497,343
VOLUNTARY PARTICIPANTS	64,820,529
OTHER TRUST FUNDS	37,397,689
OTHER	71,920,707
<b>TOTAL</b>	<b>\$ 4,252,428,540</b>

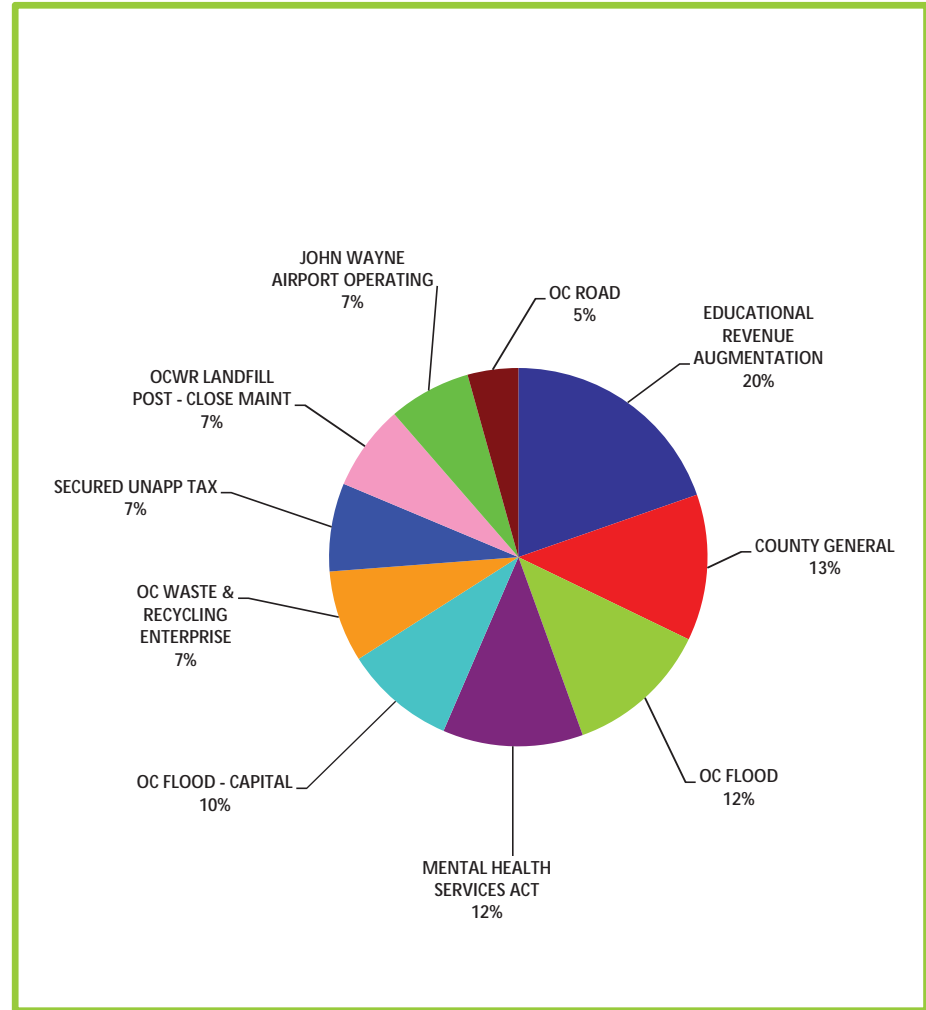


**ORANGE COUNTY INVESTMENT POOL  
COMPOSITION BY FUND  
AS OF DECEMBER 31**



**ORANGE COUNTY INVESTMENT POOL  
TOP TEN POOL PARTICIPANTS  
AS OF DECEMBER 31, 2015**

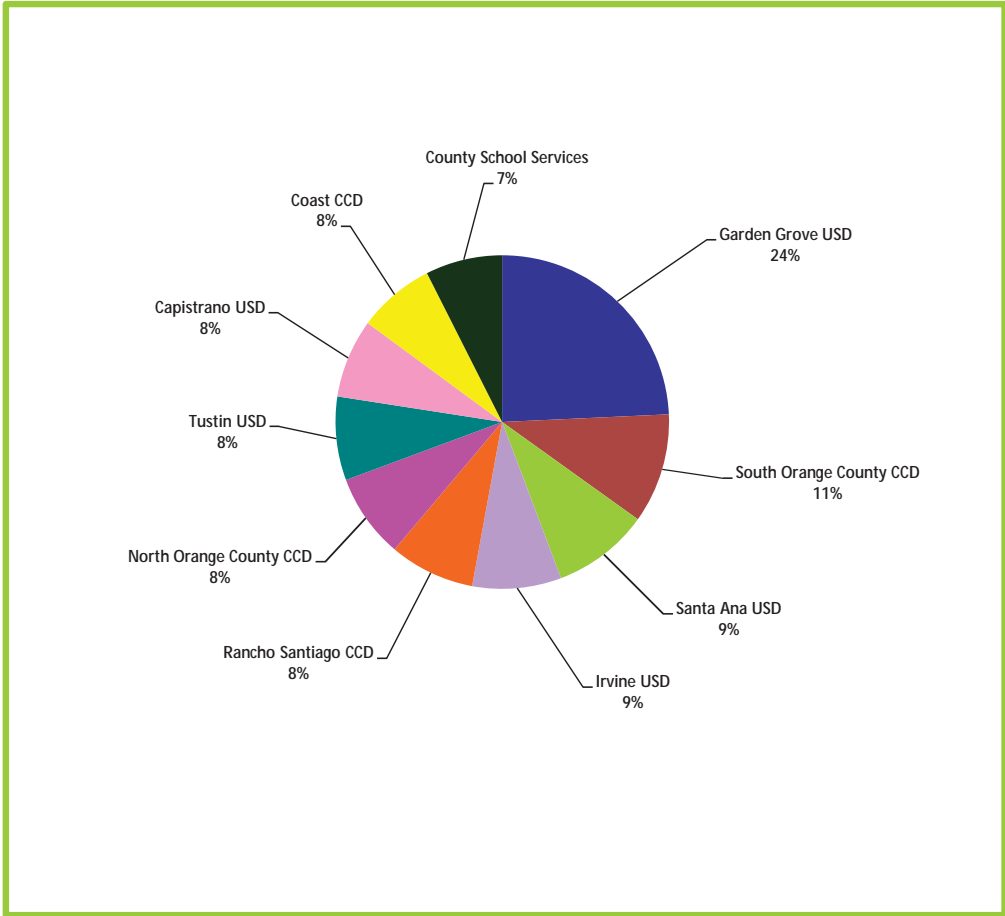
FUND #	FUND NAME	BALANCE
664	EDUCATIONAL REVENUE AUGMENTATION	\$ 396,375,417
100	COUNTY GENERAL	252,696,442
400	OC FLOOD	248,327,564
13Y	MENTAL HEALTH SERVICES ACT	242,140,280
404	OC FLOOD - CAPITAL	191,434,575
299	OC WASTE & RECYCLING ENTERPRISE	157,618,472
673	SECURED UNAPP TAX	152,204,390
279	OCWR LANDFILL POST-CLOSE MAINT	147,340,307
280	JOHN WAYNE AIRPORT OPERATING	142,314,182
115	OC ROAD	87,269,934
<b>TOTAL</b>		<b><u><u>\$ 2,017,721,563</u></u></b>



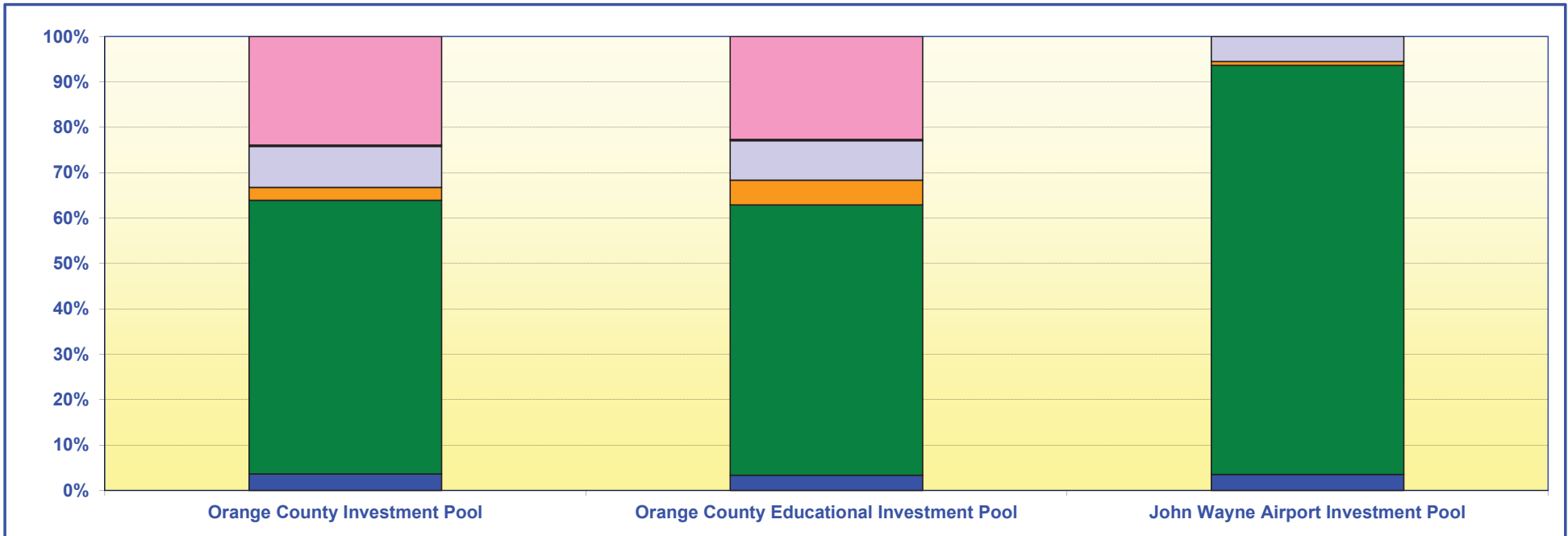


**ORANGE COUNTY EDUCATIONAL INVESTMENT POOL  
TOP TEN POOL PARTICIPANTS  
AS OF DECEMBER 31, 2015**

DISTRICT #	SCHOOL DISTRICT	BALANCE
72	Garden Grove USD	\$ 691,666,798
96	South Orange County CCD	303,181,503
84	Santa Ana USD	266,348,614
75	Irvine USD	246,216,439
92	Rancho Santiago CCD	235,995,443
88	North Orange County CCD	232,840,130
87	Tustin USD	231,326,430
68	Capistrano USD	217,414,573
90	Coast CCD	212,770,088
94	County School Services	212,122,888
<b>TOTAL</b>		<b><u>\$ 2,849,882,906</u></b>



**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**BY INVESTMENT TYPE - By Percentage Holdings**  
**December 31, 2015**



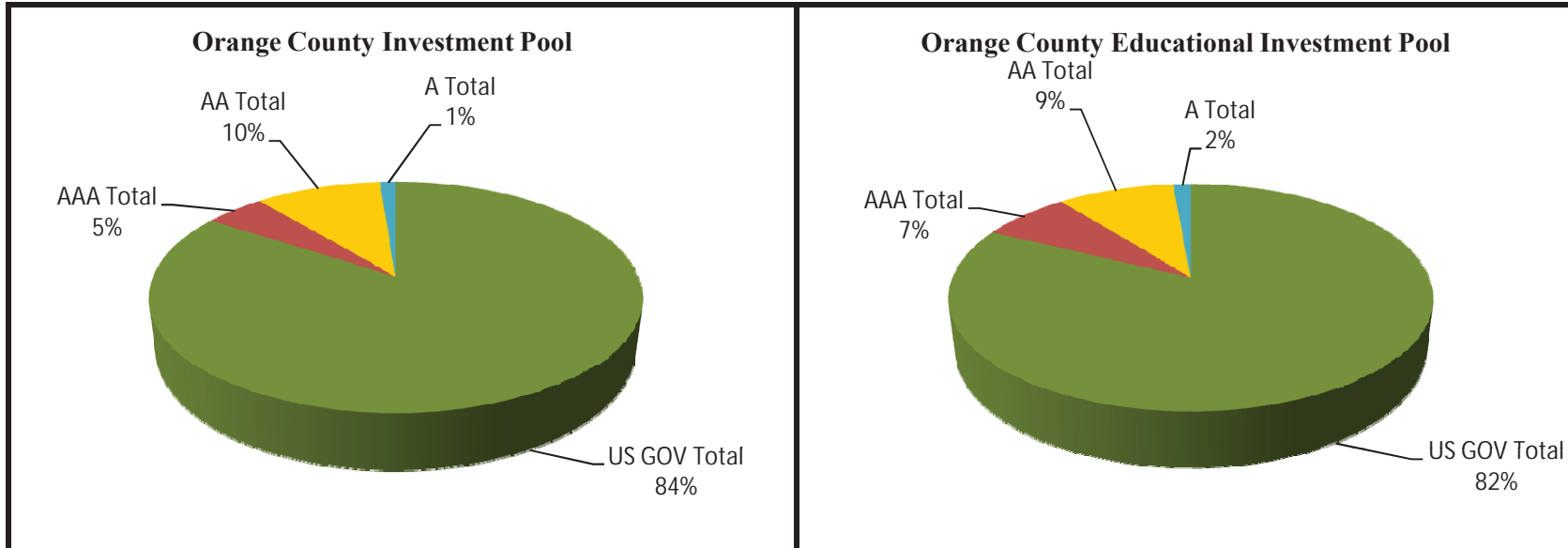
Orange County Investment Pool		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 2,550,696	60.26%
U.S. TREASURIES	1,012,343	23.92%
MEDIUM - TERM NOTES	382,386	9.03%
MONEY MARKET FUNDS	121,291	2.87%
MUNICIPAL DEBT	12,484	0.29%
CERTIFICATES OF DEPOSIT	153,722	3.63%
	<u>\$ 4,232,922</u>	<u>100.00%</u>

Orange County Educational Investment Pool		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 2,649,014	59.54%
U.S. TREASURIES	1,008,325	22.66%
MEDIUM - TERM NOTES	386,383	8.69%
MONEY MARKET FUNDS	243,457	5.47%
MUNICIPAL DEBT	12,542	0.29%
CERTIFICATES OF DEPOSIT	149,108	3.35%
	<u>\$ 4,448,829</u>	<u>100.00%</u>

John Wayne Airport Investment Pool		
	In Thousands	%
U.S. GOVERNMENT AGENCIES	\$ 44,976	90.13%
U.S. TREASURIES	-	0.00%
MEDIUM - TERM NOTES	2,749	5.51%
MONEY MARKET FUNDS	431	0.86%
CERTIFICATES OF DEPOSIT	1,747	3.50%
	<u>\$ 49,903</u>	<u>100.00%</u>

Calculated Using Market Value at 12/31/2015

**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**CREDIT QUALITY BY MARKET VALUE**  
 December 31, 2015



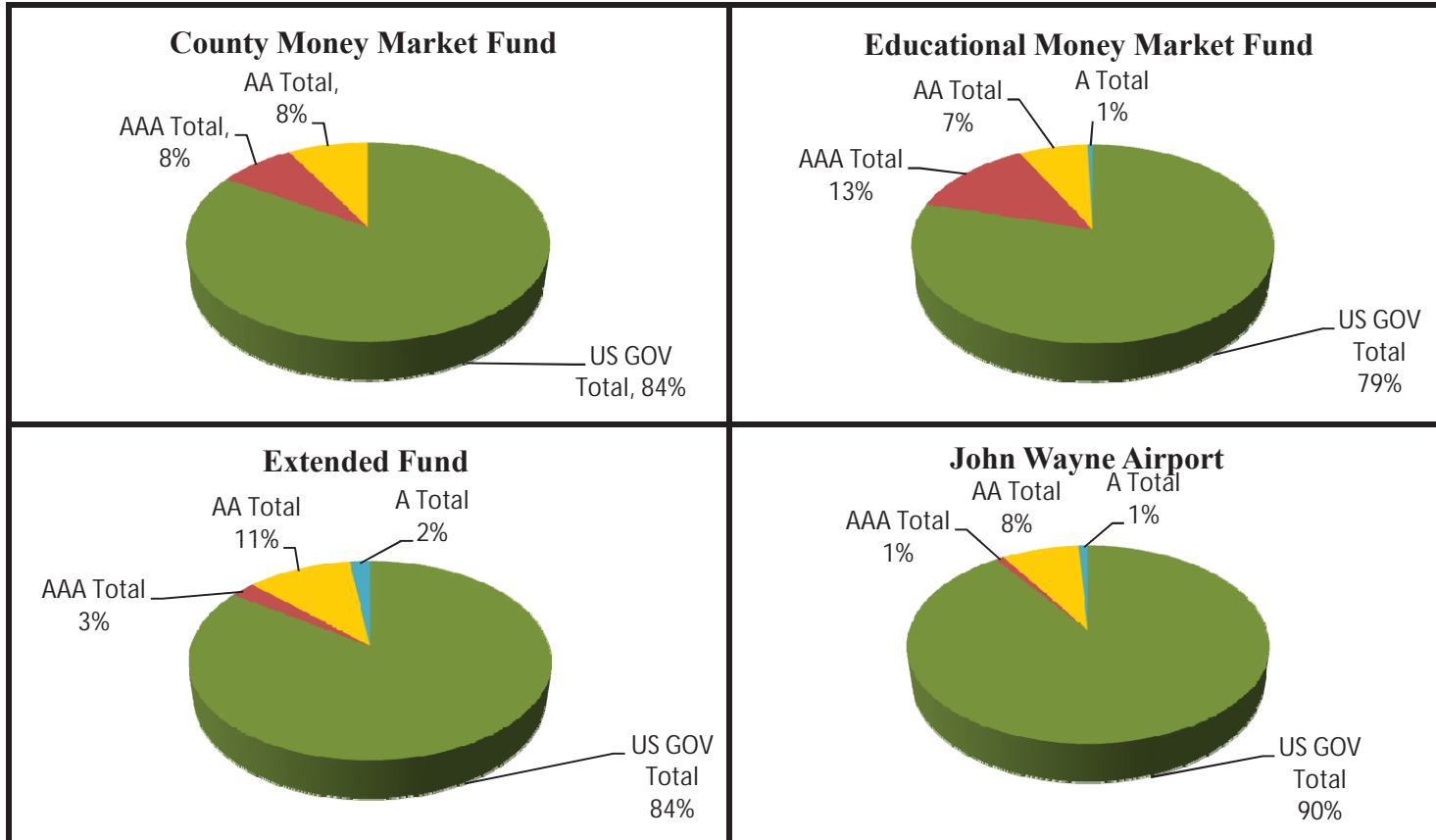
*US GOV Includes Agency & Treasury Debt*

*AA Includes AA+, AA- & AA*

*A Includes A+,A- & A*

*A-1 Includes A-1+, F-1+, P-1, A-1 & F-1*

**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**CREDIT QUALITY BY MARKET VALUE**  
 December 31, 2015



*US GOV Includes Agency & Treasury Debt*

*AA Includes AA+, AA- & AA*

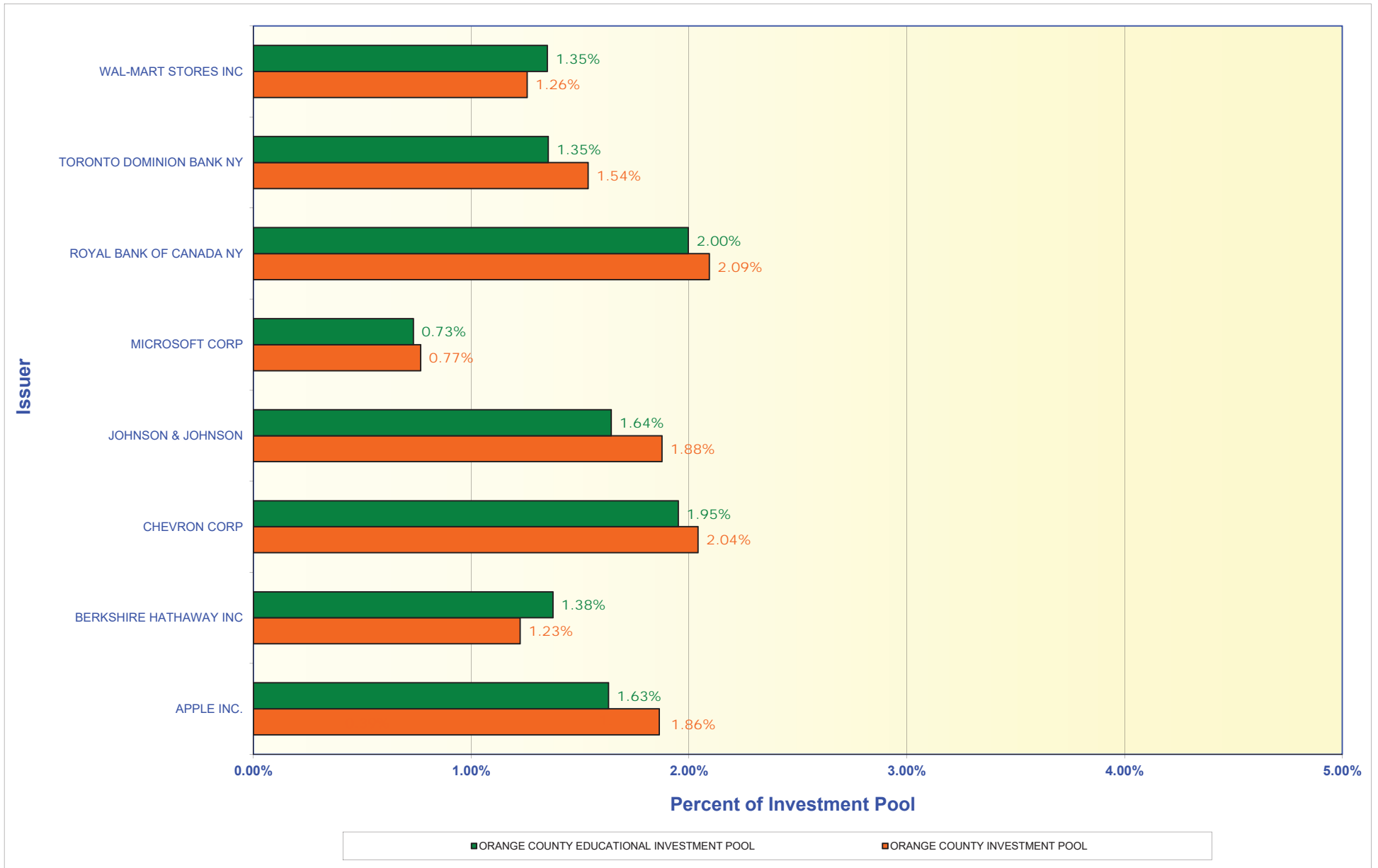
*A Includes A+, A- & A*

*A-1 Includes A-1+, F-1+, P-1, A-1 & F-1*

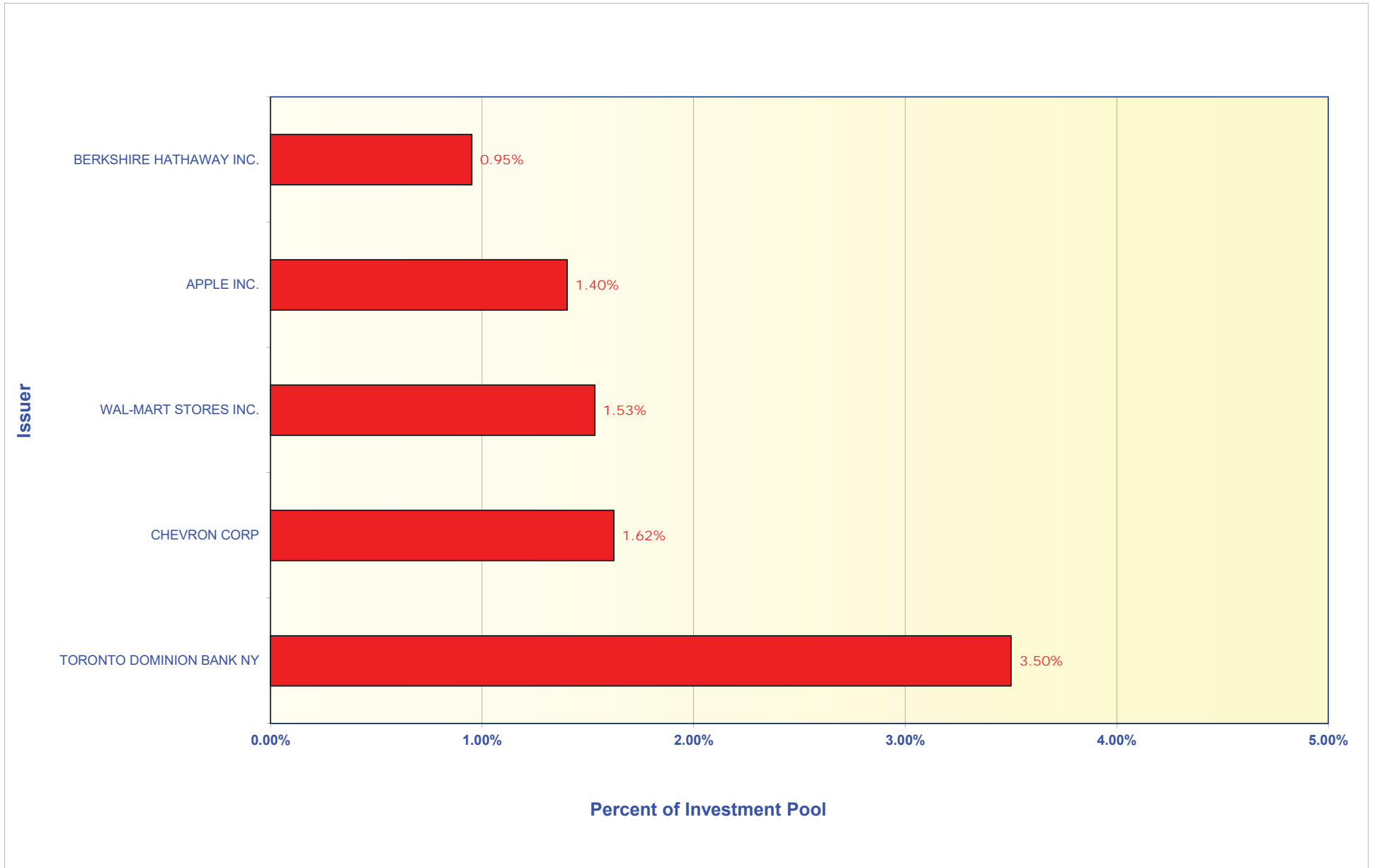
# ORANGE COUNTY TREASURER - TAX COLLECTOR

## ISSUER CONCENTRATION-By Investment Pool

December 31, 2015



**ORANGE COUNTY TREASURER - TAX COLLECTOR**  
**ISSUER CONCENTRATION - JOHN WAYNE AIRPORT INVESTMENT POOL**  
December 31, 2015



# ORANGE COUNTY TREASURER-TAX COLLECTOR

## APPROVED ISSUER LIST - OCIP, OCEIP, and JWA

December 31, 2015

ISSUER	S/T RATINGS			L/T RATINGS		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch
<b>U.S. TREASURY SECURITIES</b>						
U.S. GOVERNMENT	A-1+	P-1	F1+	AA+	Aaa	AAA
<b>U.S. GOVERNMENT AGENCY SECURITIES</b>						
FEDERAL NATIONAL MORTGAGE ASSOCIATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN MORTGAGE CORPORATION	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL HOME LOAN BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
FEDERAL FARM CREDIT BANKS	A-1+	P-1	F1+	AA+	Aaa	AAA
<b>MEDIUM-TERM NOTES</b>						
APPLE INC	A-1+	P-1	NR	AA+	Aa1	NR
CHEVRON CORPORATION	A-1+	P-1	NR	AA	Aa1	NR
JOHNSON & JOHNSON	A-1+	P-1	F1+	AAA	Aaa	AAA
MICROSOFT CORP	A-1+	P-1	F1+	AAA	Aaa	AA+
WAL-MART STORES INC	A-1+	P-1	F1+	AA	Aa2	AA
<b>ISSUERS ON HOLD</b>						
BERKSHIRE HATHAWAY INC ***	A-1+	P-1	NR	AA	Aa2	A+
<i>BERKSHIRE HATHAWAY FINANCE</i>	NR	P-1	NR	NR	Aa2	A+
<b>STATE OR NATIONALLY CHARTERED BANKS</b>						
ROYAL BANK OF CANADA NY *	A-1+	P-1	F1+	AA-	Aa3	AA
TORONTO DOMINION BANK NY *	A-1+	P-1	F1+	AA-	Aa1	AA-
<b>MUNICIPAL BONDS</b>						
ORANGE CNTY CA PENSION OBLG 2015 A *	NR	NR	F1+	AA	Aa1	AA
<b>MONEY MARKET MUTUAL FUNDS **</b>						
NAME OF FUND	S & P		Moody's		Fitch	
INVESCO GOVERNMENT & AGENCY SHORT-TERM INVESTMENTS TRUST (AIM)	AAAm		Aaa-mf		AAAmf	
GOLDMAN SACHS FINANCIAL SQUARE GOVT FUND	AAAm		Aaa-mf		NR	
MORGAN STANLEY INSTITUTIONAL LIQUIDITY FUNDS - GOVT	AAAm		Aaa-mf		NR	
NORTHERN INSTITUTIONAL TREASURY PORTFOLIO	AAAm		NR		NR	

\* Further purchase restrictions apply due to additional trading limits.

\*\* All money market funds are institutional money market funds investing in debt issued or guaranteed by the U.S. Government and its agencies.

\*\*\* S&P placed their S/T and L/T Ratings on CreditWatch-Negative on August 11, 2015.

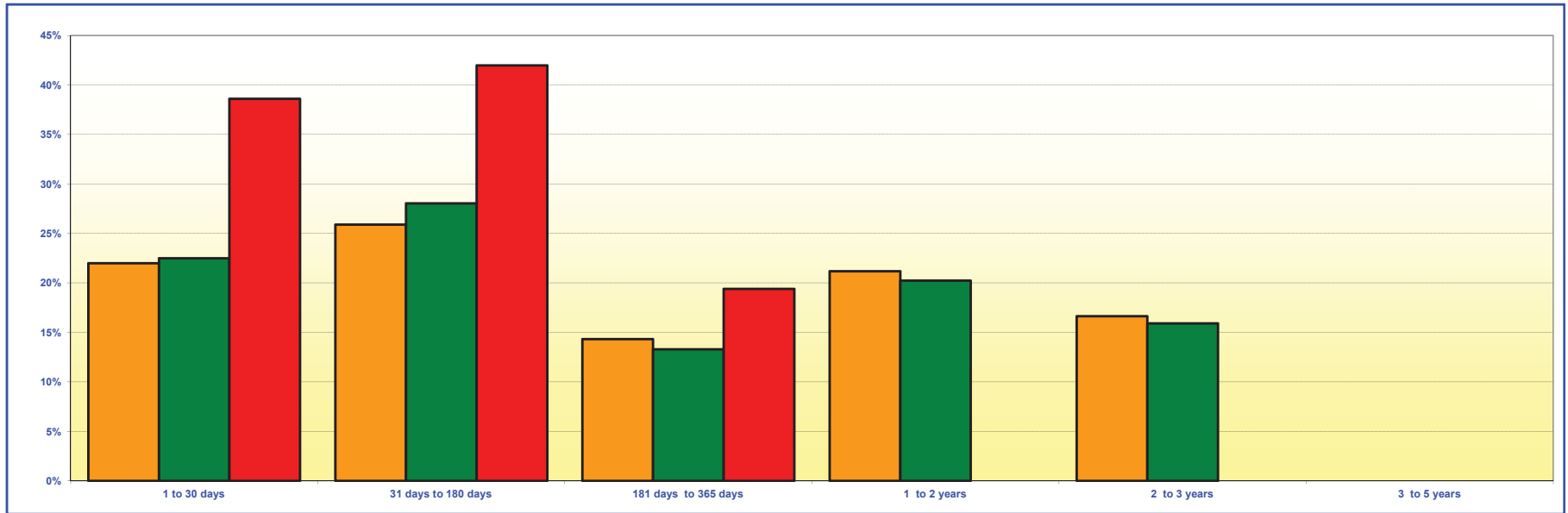
**Orange County Treasurer-Tax Collector  
Changes in Approved Issuer's List  
For the Month Ended December 31, 2015**

During December, there was one update to the Treasurer's Approved Issuer List:

- Orange County Pension Obligation Bonds, Series 2015 A – Rating upgrade on December 28, 2015
  - Standard & Poor's Ratings Services (S&P) upgraded its long-term debt rating to AA from AA-.
- In addition, on December 28, 2015 S&P upgraded Orange County's Issuer Credit Rating (ICR) to AA+ from AA, and Fitch Ratings affirmed their Implied General Obligation (GO) Bonds rating of AA+. On December 17, 2015, Moody's affirmed Orange County's Aa1 issuer credit rating.



**ORANGE COUNTY TREASURER - TAX COLLECTOR  
MATURITIES DISTRIBUTION  
December 31, 2015**



<b>ORANGE COUNTY INVESTMENT POOL</b>			
	In Thousands		%
1 TO 30 DAYS	\$ 929,481		21.99%
31 TO 180 DAYS	1,094,537		25.89%
181 TO 365 DAYS	604,488		14.31%
1 YEAR TO 2 YEARS	895,053		21.17%
2 YEARS TO 3 YEARS	703,575		16.64%
3 YEARS TO 5 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 4,227,134</b>		<b>100.00%</b>

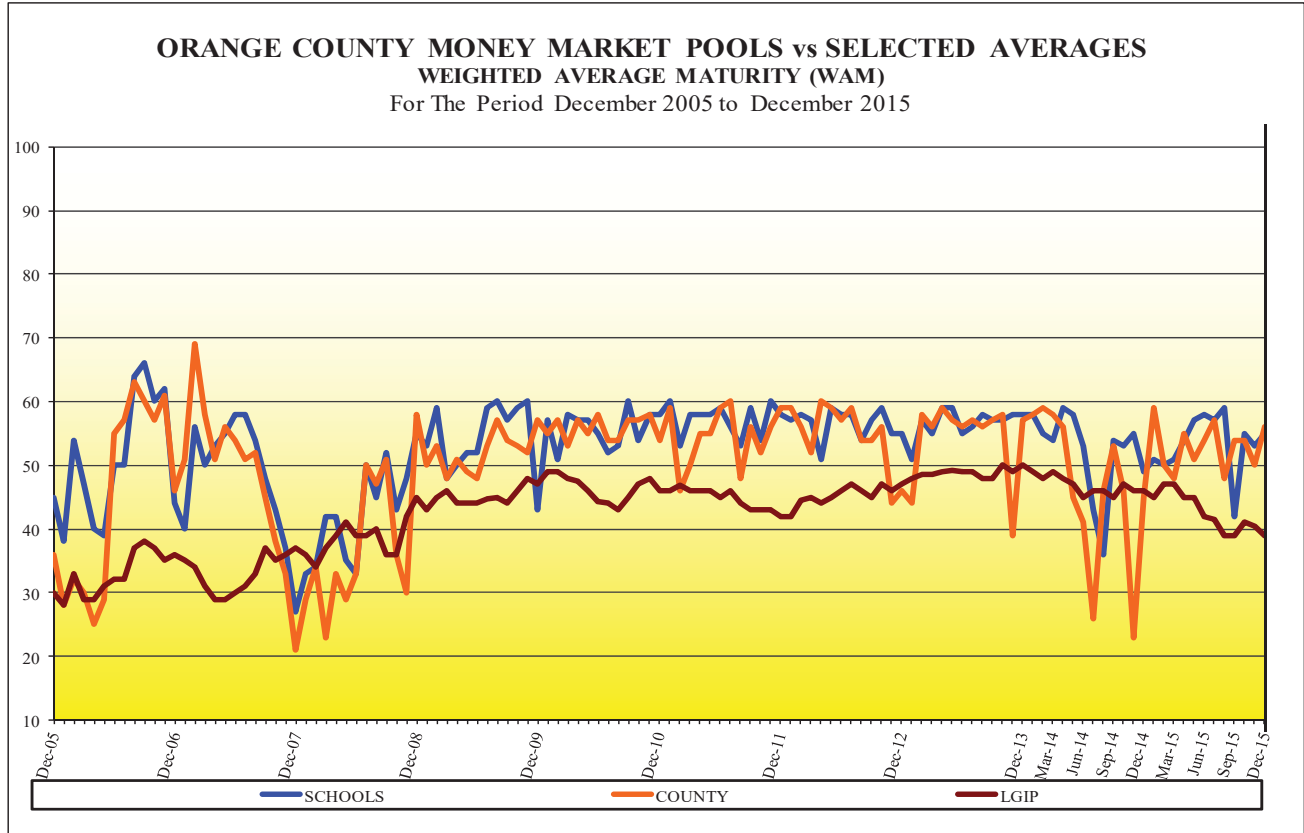
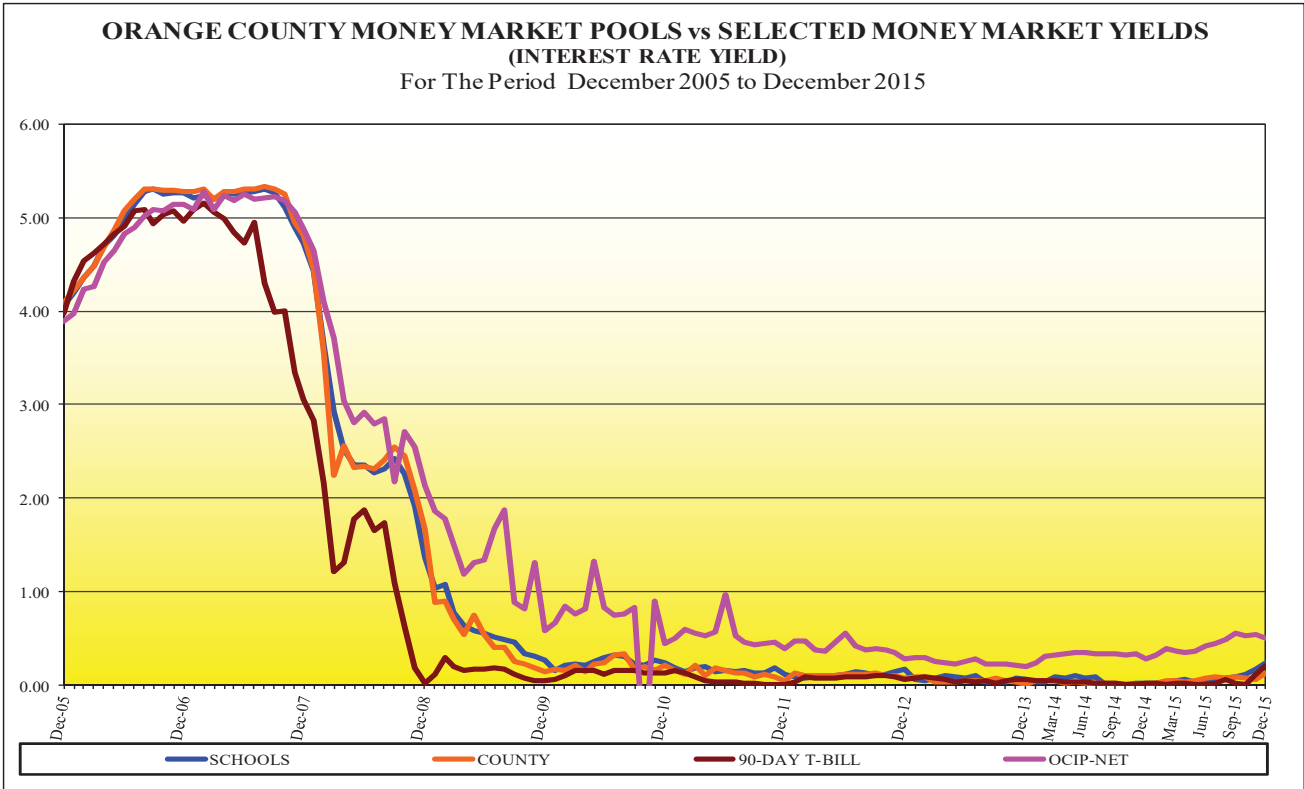
<b>ORANGE COUNTY EDUCATIONAL INVESTMENT POOL</b>			
	In Thousands		%
1 TO 30 DAYS	\$ 999,583		22.50%
31 TO 180 DAYS	1,246,516		28.05%
181 TO 365 DAYS	590,797		13.30%
1 YEAR TO 2 YEARS	899,186		20.24%
2 YEARS TO 3 YEARS	706,824		15.91%
3 YEARS TO 5 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 4,442,906</b>		<b>100.00%</b>

<b>JOHN WAYNE AIRPORT INVESTMENT POOL</b>			
	In Thousands		%
1 TO 30 DAYS	\$ 19,226		38.61%
31 TO 180 DAYS	20,907		41.99%
181 TO 365 DAYS	9,661		19.40%
1 YEAR TO 2 YEARS	-		0.00%
<b>TOTAL</b>	<b>\$ 49,794</b>		<b>100.00%</b>

**Maturity Limits Are In Compliance With The Orange County Treasurer's Investment Policy Statement**

Floating Rate Notes are deemed to have a maturity date equal to their next interest reset date.

At 12/31/2015, Floating Rate Notes comprise 2.55%, 2.51%, and 22.09% of the Orange County Investment Pool, Orange County Educational Investment Pool, and JWA Investment Pool respectively.



•As of December 31, 2015, LGIP – 0.13; LGIP WAM -39; 90-Day T-Bill – 0.21; OCIP – Net – 0.50

**ORANGE COUNTY TREASURER-TAX COLLECTOR**

**INVESTMENT POOL YIELDS**

January 1, 2015 - December 31, 2015

PERIOD ENDING - MONTH / YEAR	MONTH END MARKET VALUE	EARNINGS FOR MONTH	GROSS AVERAGE YIELD FOR MONTH	MONTH END WAM
<i>Current Month - December 2015</i>				
County Pool - Money Market Fund	\$ 1,720,712,911	\$ 294,202	0.20%	56
Educational Pool - Money Market Fund	\$ 1,925,021,216	\$ 321,451	0.31%	55
Extended Fund	\$ 5,036,016,892	\$ 3,442,794	0.80%	525
<i>November 2015</i>				
County Pool - Money Market Fund	\$ 1,494,036,511	\$ 139,050	0.14%	50
Educational Pool - Money Market Fund	\$ 628,302,751	\$ 135,146	0.24%	53
Extended Fund	\$ 5,037,742,541	\$ 3,334,886	0.81%	532
<i>October 2015</i>				
County Pool - Money Market Fund	\$ 1,185,411,400	\$ 109,405	0.14%	54
Educational Pool - Money Market Fund	\$ 682,726,683	\$ 129,140	0.19%	55
Extended Fund	\$ 5,011,099,512	\$ 3,290,416	0.76%	523
<i>September 2015</i>				
County Pool - Money Market Fund	\$ 608,245,209	\$ 86,306	0.16%	54
Educational Pool - Money Market Fund	\$ 874,192,632	\$ 108,276	0.16%	42
Extended Fund	\$ 5,145,759,506	\$ 3,260,310	0.76%	540
<i>August 2015</i>				
County Pool - Money Market Fund	\$ 687,583,790	\$ 72,659	0.14%	48
Educational Pool - Money Market Fund	\$ 818,603,048	\$ 124,322	0.15%	59
Extended Fund	\$ 5,173,822,816	\$ 3,020,818	0.68%	500
<i>July 2015</i>				
County Pool - Money Market Fund	\$ 643,407,422	\$ 109,675	0.16%	57
Educational Pool - Money Market Fund	\$ 1,069,060,825	\$ 130,058	0.13%	57
Extended Fund	\$ 5,216,709,734	\$ 2,850,260	0.64%	504
<i>June 2015</i>				
County Pool - Money Market Fund	\$ 916,190,702	\$ 107,234	0.14%	54
Educational Pool - Money Market Fund	\$ 1,167,943,414	\$ 125,916	0.12%	58
Extended Fund	\$ 5,216,439,679	\$ 2,696,501	0.63%	510
<i>May 2015</i>				
County Pool - Money Market Fund	\$ 1,107,145,730	\$ 108,147	0.11%	51
Educational Pool - Money Market Fund	\$ 1,421,862,870	\$ 132,950	0.10%	57
Extended Fund	\$ 5,194,393,431	\$ 2,593,743	0.59%	519
<i>April 2015</i>				
County Pool - Money Market Fund	\$ 1,348,477,701	\$ 112,099	0.09%	55
Educational Pool - Money Market Fund	\$ 1,678,234,559	\$ 128,187	0.12%	54
Extended Fund	\$ 5,207,327,217	\$ 2,508,094	0.59%	498
<i>March 2015</i>				
County Pool - Money Market Fund	\$ 1,185,441,628	\$ 81,093	0.11%	48
Educational Pool - Money Market Fund	\$ 1,151,754,378	\$ 106,877	0.11%	51
Extended Fund	\$ 5,205,839,829	\$ 2,524,909	0.57%	511
<i>February 2015</i>				
County Pool - Money Market Fund	\$ 909,925,797	\$ 70,952	0.11%	50
Educational Pool - Money Market Fund	\$ 1,193,304,289	\$ 105,399	0.10%	50
Extended Fund	\$ 5,195,087,451	\$ 2,332,495	0.59%	536
<i>January 2015</i>				
County Pool - Money Market Fund	\$ 802,966,222	\$ 85,487	0.10%	59
Educational Pool - Money Market Fund	\$ 1,438,167,807	\$ 118,676	0.09%	51
Extended Fund	\$ 5,161,441,369	\$ 2,222,688	0.52%	506
<b>Fiscal Year July 1, 2015 - June 30, 2016</b>	<b>Average Month End Market Value Balance</b>	<b>YTD Interest Income</b>	<b>YTD Gross Yield</b>	<b>YTD Average</b>
Orange County Investment Pool	\$ 3,602,884,495	\$ 10,411,511	0.57%	388
Orange County Educational Investment Pool	\$ 3,556,858,072	\$ 10,547,662	0.59%	394

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## CASH AVAILABILITY PROJECTION

### FOR THE SIX MONTHS ENDING JUNE 30, 2016

Government Code Section 53646 (b) (3), effective on January 1, 1996, requires the Treasurer-Tax Collector to include a statement in the investment report, denoting the ability of the Orange County Investment Pool (OCIP) and the Orange County Educational Investment Pool (OCEIP) to meet their expenditure requirements for the next six months.

The OCIP and OCEIP consist of funds in the treasury deposited by various entities required to do so by statute, as well as those entities voluntarily depositing monies in accordance with Government Code Section 53684.

The Treasurer-Tax Collector is required to disburse monies placed in the treasury as directed by the Auditor-Controller and the Department of Education, except for the making of legal investments, to the extent funds are transferred to one or more clearing funds in accordance with Government Code Section 29808.

The Treasurer-Tax Collector, in her projection of cash availability to disburse funds as directed by the Auditor-Controller and the Department of Education, is relying exclusively on historical activity involving deposits and disbursements and future cash flow projections. No representation is made as to an individual depositor's ability to meet their anticipated expenditures with anticipated revenues.

The Cash Availability Projection for the six months ending June 30, 2016, indicates the ability of the pools to meet projected cash flow requirements. However, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

<b>ORANGE COUNTY INVESTMENT POOL</b>				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
December 2015 - Ending Cash				\$ 2,893,662
January	\$ 789,364,700	\$ 371,795,180	\$ 745,661,062	418,392,479
February	132,145,290	490,129,367	359,143,573	681,523,563
March	352,703,604	875,184,431	558,372,000	1,351,039,598
April	264,707,273	1,865,871,067	1,790,516,944	1,691,100,995
May	247,159,515	342,979,619	626,869,129	1,654,370,999
June	98,902,993	328,965,944	648,420,068	1,433,819,868

<b>ORANGE COUNTY EDUCATIONAL INVESTMENT POOL</b>				
Month	Investment Maturities	Projected Deposits	Projected Disbursements	Cumulative Available Cash
December 2015 - Ending Cash				\$ 40,000
January	\$ 750,036,624	\$ 370,814,577	\$ 554,507,085	566,384,115
February	383,592,141	258,921,811	617,901,533	590,996,535
March	309,527,706	543,713,191	682,025,690	762,211,742
April	278,059,904	1,133,927,466	646,026,512	1,528,172,599
May	293,339,790	330,001,802	650,757,787	1,500,756,404
June	156,540,567	405,639,584	663,133,872	1,399,802,683

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
STATEMENT OF ACCOUNTABILITY  
FOR THE MONTH AND QUARTER ENDED: DECEMBER 31, 2015**

	<u>Month</u>	<u>Quarter</u>
Treasurer's Accountability at the Beginning of the Period:	<u>\$7,543,241,587</u>	<u>\$6,990,494,144</u>
<b>Cash Receipts:</b>		
County	2,274,808,650	4,281,744,187
Schools	<u>1,706,938,518</u>	<u>2,661,714,603</u>
<b>Total Cash Receipts</b>	<u>3,981,747,168</u>	<u>6,943,458,790</u>
<b>Cash Disbursements:</b>		
County	2,098,939,956	3,354,305,428
Schools	<u>411,793,906</u>	<u>1,666,794,553</u>
<b>Total Cash Disbursements</b>	<u>2,510,733,862</u>	<u>5,021,099,981</u>
<b>Net Change in Book Value of Pooled Assets</b>	<u>1,471,013,306</u>	<u>1,922,358,809</u>
<b>Net Increase in Non Pooled Investments</b>	<u>33,390</u>	<u>101,435,330</u>
<b>Treasurer's Accountability at the End of the Period:</b>	<u><u>\$9,014,288,283</u></u>	<u><u>\$9,014,288,283</u></u>

**Assets in the Treasury at the end of the period at Book Value:**

O.C. Investment Pool	\$4,247,530,620
O.C. Educational Investment Pool	4,463,586,937
Non Pooled Investments - John Wayne Airport	50,003,777
Non Pooled Investments - General Fund - Tax Exempt Non AMT	221,115,114
Non Pooled Investments - Fountain Valley School District Fund 40	27,949,566
Non Pooled Investments - other	1,168,607
Cash in banks-County	2,856,273
Cash in banks-Schools	40,000
Cash in vault	<u>37,389</u>
	<u><u>\$9,014,288,283</u></u>

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) COMPLIANCE SUMMARY  
December 31, 2015**

Investment Policy (IPS) Guidelines		County Money Market Fund		Extended Fund		Educational Money Market Fund		John Wayne Airport Investment Pool	
Diversification Limit	Investment Type	Market Value of Investments (1)	Percent of Portfolio	Market Value of Investments (1)	Percent of Portfolio	Market Value of Investments (1)	Percent of Portfolio	Market Value of Investments (1)	Percent of Portfolio
30%	Negotiable Certificates of Deposit	\$ 74,933,388	4.35%	\$ 157,941,716	3.14%	\$ 69,955,064	3.64%	\$ 1,746,924	3.50%
40%	Commercial Paper	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Government Agencies	1,278,648,750	74.31%	2,549,967,680	50.63%	1,371,094,145	71.22%	44,975,994	90.13%
30%	Medium-Term Notes	82,842,870	4.82%	600,468,947	11.92%	85,457,075	4.44%	2,749,212	5.51%
20%	Money Market Funds	121,290,802	7.05%	-	0.00%	243,456,858	12.65%	430,969	0.86%
30%	Municipal Debt	-	0.00%	25,025,500	0.50%	-	0.00%	-	0.00%
100%	Repurchase Agreement	-	0.00%	-	0.00%	-	0.00%	-	0.00%
30%	Supranationals	-	0.00%	-	0.00%	-	0.00%	-	0.00%
100%	U.S. Treasuries	162,997,101	9.47%	1,702,613,049	33.81%	155,058,074	8.05%	-	0.00%
		\$ 1,720,712,911	100.00%	\$ 5,036,016,892	100.00%	\$ 1,925,021,216	100.00%	\$ 49,903,099	100.00%

Investment Policy Guidelines	Compliance Category (Yes/No)	County Money Market Fund	Extended Fund	Educational Money Market Fund	John Wayne Airport Investment Pool
5%	Percentage Limits				
20%	Issuer Limit	Yes	Yes	Yes	Yes
33%	Money Market Mutual Fund Issuer	Yes <sup>(3)</sup>	N/A	Yes <sup>(3)</sup>	Yes
See Above	Government Agencies Issuer	Yes	Yes	Yes	Yes
	Diversification Limit	Yes	Yes	Yes	Yes
60 Days	Maturity/Duration Limits				
>Merrill 1-3 Year Index+25% (2.34)	Weighted Average Maturity	Yes/55.95	N/A	Yes/54.66	Yes/57.53
13 Months/397 days	Duration	N/A	Yes/1.42	N/A	N/A
5 Years/1826 days	Final Maturity - Money Market Fund	Yes/312	N/A	Yes/312	Yes/312
	Final Maturity - Extended Fund	N/A	Yes/1085	N/A	N/A
A-1/≥ A	Quality Limits				
≥ A-1/P-1/F2	MMF Short Term/Long Term	Yes	N/A	Yes	Yes
A-1/≥ AA (2)	Short Term Debt/No Split Ratings	Yes	N/A	Yes	Yes
Approved Issuer List	Extended Fund Short Term/Long Term	N/A	Yes	N/A	N/A
Broker/Dealer List	Authorized Issuer	Yes	Yes	Yes	Yes
0.995 - 1.005	Authorized Financial Dealer/Institution	Yes	Yes	Yes	Yes
	Net Asset Value - Money Market Fund	Yes/1.0000	N/A	Yes/1.0002	Yes/0.9999

(1) All investments are marked to market in compliance with the narrow valuation range prescribed by the IPS and market values are provided by Bloomberg Professional Services and Northern Trust.

(2) Excludes US Government Debt per IPS policy approved by the Board of Supervisors on December 16, 2014.

(3) Rating Agency requirements limit investment in each Money Market Mutual Fund to 10%.

NA Not applicable

Note: Compliance exceptions, if any, are noted by red shading for the specific IPS guideline and investment pool.

**ORANGE COUNTY TREASURER-TAX COLLECTOR  
INVESTMENT POLICY (IPS) AND TREASURY OVERSIGHT COMMITTEE (TOC) COMPLIANCE SUMMARY  
December 31, 2015**

COMPLIANCE CATEGORY	PERFORMED BY	REGULATORY/POLICY GUIDELINES	CURRENT STATUS
Annual Compliance Audit	AC	Performance Evaluation-Cal Govt. Code 27134	Annual audit of calendar year 2014 completed.
Quarterly Schedule of Assets Review	AC	Performance Evaluation-Cal Govt. Code 26920(a)	Quarter ended September 30, 2015 completed, December 31, 2015 in process.
Annual Schedule of Assets Audit	AC	Performance Evaluation-Cal Govt. Code 26920(b)	Annual audit as of June 30, 2015 in process.
Quarterly Continuous Compliance Auditing	AC	TOC Directive	Quarter ended September 30, 2015 completed, December 31, 2015 in process.
Treasury Administrative Fee	TTC	Compensation Agreement-Cal Govt. Code 27013	Annual review of fees for FY 14/15 in process.
Annual Broker/Dealer Review	TTC	Authorized Financial Dealers and Qualified Institutions	Calendar Year 2014 completed.
Annual Broker/Dealer IPS Certification	TTC	Authorized Financial Dealers and Qualified Institutions	All but one 2015 IPS certifications received. The non-compliant broker was removed from the list of approved brokers in November 2015.
IPS Compliance Deficiencies	TTC	Investment/Diversification/Maturity Restrictions	FY 15/16 identified zero compliance incidents as of December 31, 2015.
TOC Bylaw Changes	BOS	TOC Review and BOS Annual Approval	TOC reviewed Bylaws and made one change at the October 28, 2015 meeting. BOS approved on December 15, 2015.
Annual IPS Approval	BOS	TOC Review and BOS Annual Approval	TOC reviewed proposed IPS changes at the October 28, 2015 meeting and did not make any additional changes. BOS approved on December 15, 2015.
TOC Annual Report	BOS	TOC Bylaws Rule 30 - Oral and Written Report	TOC 2014 Annual Report was presented to BOS on March 10, 2015.
Broker/Financial Institution List	TTC	OC Gift Ban Ordinance and Form 700	TOC members were provided a list of active TTC Broker/Dealers and Financial Institutions at the TOC meeting on October 28, 2015.
Certificates of Compliance	TTC	TOC Bylaws Rule 34 - Annual	TOC members are in compliance for 2016.
Ethics Training	TTC	TOC Bylaws Rule 34 - Every Two Years	TOC members are in compliance for Calendar Year 2014.
Conflict of Interest Form 700 Filing	TTC	TOC Bylaws Rule 34 / IPS - Every Year	TOC members are in compliance for Calendar Year 2014.

LEGEND	
Auditor-Controller Internal Audit	AC
Board of Supervisors	BOS
Treasury Oversight Committee	TOC
Office of Treasurer-Tax Collector	TTC

**Orange County Treasurer-Tax Collector  
Noncompliance Detail  
For the Month Ended December 31, 2015**

During December, the Orange County Investment Pool (OCIP), the Orange County Educational Investment Pool (OCEIP), and the John Wayne Airport Investment Pool were all free of noncompliance incidents.



# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

**As of 31-Dec-2015**

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Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>FUNDS</b>															
<b>GOLDMAN SACHS - COUNTY MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		120,775,645.55		0.1800	120,775,645.55	0.00	0.00	120,775,645.55	120,775,645.55	0.00
<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>															
	1/4/16		AAAm	Aaa-mf	AAAmmf		104,985.15		0.0320	104,985.15	0.00	0.00	104,985.15	104,985.15	0.00
<b>MORGAN STANLEY GOVT 8302-COUNTY MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		410,170.93		0.1680	410,170.93	0.00	0.00	410,170.93	410,170.93	0.00
<b>Subtotal for FUNDS:</b>							<b>121,290,801.63</b>		<b>0.1798</b>	<b>121,290,801.63</b>	<b>0.00</b>	<b>0.00</b>	<b>121,290,801.63</b>	<b>121,290,801.63</b>	<b>0.00</b>
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD</b>															
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
808625	10/20/15	1/7/16	89113EF92	A-1+	P-1	F1+	15,000,000.00	0.1600	0.1600	15,000,000.00	0.00	4,866.67	15,000,000.00	14,999,808.30	(191.70)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
820247	12/29/15	6/30/16	78009NYQ3	A-1+	P-1	F1+	10,000,000.00	0.8550	0.8550	10,000,000.00	0.00	712.50	10,000,000.00	9,998,000.00	(2,000.00)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
815148	11/25/15	8/29/16	78009NKK7	A-1+	P-1	F1+	20,000,000.00	0.7700	0.7700	20,000,000.00	0.00	15,827.78	20,000,000.00	19,970,000.00	(30,000.00)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
799854	8/28/15	8/30/16	89113EYV2	A-1+	P-1	F1+	5,000,000.00	0.6600	0.6600	5,000,000.00	0.00	11,550.00	5,000,000.00	4,989,742.15	(10,257.85)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
801296	9/8/15	10/5/16	89113EZE9	A-1+	P-1	F1+	5,000,000.00	0.7500	0.7500	5,000,000.00	0.00	11,979.17	5,000,000.00	4,989,500.00	(10,500.00)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
805631	10/1/15	10/5/16	89113EC95	A-1+	P-1	F1+	5,000,000.00	0.6600	0.6600	5,000,000.00	0.00	8,433.33	5,000,000.00	4,986,337.75	(13,662.25)
<b>Subtotal for YANKEE CD:</b>							<b>60,000,000.00</b>	<b>0.6117</b>	<b>0.6117</b>	<b>60,000,000.00</b>	<b>0.00</b>	<b>53,369.45</b>	<b>60,000,000.00</b>	<b>59,933,388.20</b>	<b>(66,611.80)</b>
<b>YANKEE CD FLOATER</b>															
<b>ROYAL BANK OF CANADA NY / RBC</b>															
790217	7/7/15	1/7/16	78009NVK9	A-1+	P-1	F1+	5,000,000.00	0.3448	0.3448	5,000,000.00	0.00	1,197.05	5,000,000.00	5,000,000.00	0.00
<b>ROYAL BANK OF CANADA NY / RBC</b>															
817144	12/9/15	1/7/16	78009NVK9	A-1+	P-1	F1+	10,000,000.00	0.4186	0.3300	10,000,713.50	(565.88)	2,674.38	10,000,147.62	10,000,000.00	(147.62)
<b>Subtotal for YANKEE CD FLOATER:</b>							<b>15,000,000.00</b>	<b>0.3940</b>	<b>0.3349</b>	<b>15,000,713.50</b>	<b>(565.88)</b>	<b>3,871.43</b>	<b>15,000,147.62</b>	<b>15,000,000.00</b>	<b>(147.62)</b>
<b>Subtotal for CERTIFICATES OF DEPOSIT:</b>							<b>75,000,000.00</b>	<b>0.5681</b>	<b>0.5563</b>	<b>75,000,713.50</b>	<b>(565.88)</b>	<b>57,240.88</b>	<b>75,000,147.62</b>	<b>74,933,388.20</b>	<b>(66,759.42)</b>
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
808405	10/19/15	1/4/16	313384R30	A-1	P-1	F1+	25,000,000.00		0.0950	24,994,920.14	0.00	4,881.94	24,999,802.08	25,000,000.00	197.92

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
809928	10/27/15	1/4/16	313384RJ0	A-1	P-1	F1+	2,100,000.00		0.1000	2,099,597.50	0.00	385.00	2,099,982.50	2,100,000.00	17.50
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
812305	11/9/15	1/4/16	313396RJ4	A-1	P-1	F1+	2,000,000.00		0.1000	1,999,688.89	0.00	294.44	1,999,983.33	2,000,000.00	16.67
<b>FED FARM CR BK / CITIGROUP GLOBAL MARKETS</b>															
812306	11/9/15	1/4/16	313312RJ1	A-1	P-1	F1+	22,000,000.00		0.0720	21,997,536.00	0.00	2,332.00	21,999,868.00	22,000,000.00	132.00
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
813555	11/17/15	1/4/16	313588RJ6	A-1	P-1	F1+	11,300,000.00		0.0900	11,298,644.00	0.00	1,271.25	11,299,915.25	11,300,000.00	84.75
<b>FHLB DISC CORP / MORGAN STANLEY</b>															
809929	10/27/15	1/5/16	313384RK7	A-1	P-1	F1+	28,000,000.00		0.0850	27,995,372.22	0.00	4,363.34	27,999,735.56	27,999,888.00	152.44
<b>FNMA DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
818585	12/17/15	1/5/16	313588YD1	A-1	P-1	F1+	10,000,000.00		0.6000	9,969,833.33	0.00	2,500.00	9,972,333.33	9,978,700.00	6,366.67
<b>FHLB DISC CORP / GOLDMAN SACHS GROUP INC</b>															
806694	10/7/15	1/6/16	313384RL5	A-1	P-1	F1+	20,000,000.00		0.1050	19,994,691.67	0.00	5,016.66	19,999,708.33	19,999,840.00	131.67
<b>FREDDIE DISCOUNT / DEUTSCHE</b>															
806695	10/7/15	1/6/16	313396RL9	A-1	P-1	F1+	30,000,000.00		0.1150	29,991,279.17	0.00	8,241.66	29,999,520.83	29,999,700.00	179.17
<b>FREDDIE DISCOUNT / UBS FINANCIAL SERVICES</b>															
814623	11/23/15	1/6/16	313396RL9	A-1	P-1	F1+	3,260,000.00		0.0700	3,259,721.09	0.00	247.22	3,259,968.31	3,259,967.40	(0.91)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
815156	11/25/15	1/6/16	313396RL9	A-1	P-1	F1+	34,800,000.00		0.1000	34,795,940.00	0.00	3,576.67	34,799,516.67	34,799,652.00	135.33
<b>FHLB DISC CORP / UBS FINANCIAL SERVICES</b>															
815978	12/2/15	1/6/16	313384RL5	A-1	P-1	F1+	11,160,000.00		0.1200	11,158,698.00	0.00	1,116.00	11,159,814.00	11,159,910.72	96.72
<b>FREDDIE DISCOUNT / RBS GREENWICH CAPITAL</b>															
806386	10/6/15	1/7/16	313396RM7	A-1	P-1	F1+	22,449,000.00		0.1100	22,442,620.74	0.00	5,967.69	22,448,588.43	22,448,775.51	187.08
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
808170	10/16/15	1/7/16	313384RM3	A-1	P-1	F1+	10,000,000.00		0.0900	9,997,925.00	0.00	1,925.00	9,999,850.00	9,999,870.00	20.00
<b>FHLB DISC CORP / DEUTSCHE</b>															
808407	10/19/15	1/7/16	313384RM3	A-1	P-1	F1+	10,000,000.00		0.0900	9,998,000.00	0.00	1,850.00	9,999,850.00	9,999,870.00	20.00
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
806975	10/8/15	1/12/16	313396RS4	A-1	P-1	F1+	2,600,000.00		0.0850	2,599,410.67	0.00	521.80	2,599,932.47	2,599,914.20	(18.27)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
807384	10/13/15	1/12/16	313396RS4	A-1	P-1	F1+	1,200,000.00		0.0850	1,199,742.17	0.00	226.66	1,199,968.83	1,199,960.40	(8.43)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
808046	10/16/15	1/12/16	313396RS4	A-1	P-1	F1+	4,900,000.00		0.0900	4,898,922.00	0.00	943.25	4,899,865.25	4,899,838.30	(26.95)
<b>FHLB DISC CORP / TD SECURITIES</b>															
809191	10/22/15	1/12/16	313384RS0	A-1	P-1	F1+	20,000,000.00		0.1100	19,994,988.89	0.00	4,338.89	19,999,327.78	19,999,400.00	72.22
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
813903	11/18/15	1/12/16	313396RS4	A-1	P-1	F1+	2,600,000.00		0.1000	2,599,602.78	0.00	317.78	2,599,920.56	2,599,914.20	(6.36)
<b>FREDDIE DISCOUNT / UBS</b>															
818583	12/17/15	1/12/16	313396RS4	A-1	P-1	F1+	1,600,000.00		0.1900	1,599,780.44	0.00	126.67	1,599,907.11	1,599,947.20	40.09
<b>FHLB DISC CORP / CITIGROUP GLOBAL MARKETS</b>															
818807	12/18/15	1/12/16	313384RS0	A-1	P-1	F1+	12,700,000.00		0.2400	12,697,883.33	0.00	1,185.34	12,699,068.67	12,699,619.00	550.33
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
807385	10/13/15	1/13/16	313396RT2	A-1	P-1	F1+	2,600,000.00		0.0900	2,599,402.00	0.00	520.00	2,599,922.00	2,599,896.00	(26.00)
<b>FNMA DISCOUNT / RBS GREENWICH CAPITAL</b>															
807666	10/14/15	1/13/16	313588RT4	A-1	P-1	F1+	25,000,000.00		0.0700	24,995,576.39	0.00	3,840.28	24,999,416.67	24,999,000.00	(416.67)
<b>FREDDIE DISCOUNT / DEUTSCHE</b>															
807667	10/14/15	1/13/16	313396RT2	A-1	P-1	F1+	6,500,000.00		0.1000	6,498,356.94	0.00	1,426.39	6,499,783.33	6,499,740.00	(43.33)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
807668	10/14/15	1/13/16	313396RT2	A-1	P-1	F1+	2,100,000.00		0.0900	2,099,522.25	0.00	414.75	2,099,937.00	2,099,916.00	(21.00)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
807945	10/15/15	1/14/16	313396RU9	A-1	P-1	F1+	25,000,000.00		0.0900	24,994,312.50	0.00	4,875.00	24,999,187.50	24,998,950.00	(237.50)
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
809930	10/27/15	1/14/16	313588RU1	A-1	P-1	F1+	1,400,000.00		0.0900	1,399,723.50	0.00	231.00	1,399,954.50	1,399,941.20	(13.30)
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
810580	10/29/15	1/14/16	313588RU1	A-1	P-1	F1+	5,070,000.00		0.0900	5,069,024.03	0.00	811.20	5,069,835.23	5,069,787.06	(48.17)
<b>FREDDIE DISCOUNT / FTN FINANCIAL</b>															
807386	10/13/15	1/15/16	313396RV7	A-1	P-1	F1+	1,522,000.00		0.1150	1,521,542.98	0.00	388.95	1,521,931.93	1,521,923.90	(8.03)
<b>FNMA DISCOUNT / JP MORGAN CHASE &amp; CO.</b>															
809646	10/26/15	1/15/16	313588RV9	A-1	P-1	F1+	5,000,000.00		0.0700	4,999,212.50	0.00	651.39	4,999,863.89	4,999,750.00	(113.89)
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
818285	12/16/15	1/28/16	313384S39	A-1	P-1	F1+	5,700,000.00		0.2900	5,698,025.58	0.00	734.67	5,698,760.25	5,699,430.00	669.75
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
812855	11/12/15	1/29/16	313384SK6	A-1	P-1	F1+	5,800,000.00		0.1600	5,797,989.33	0.00	1,288.89	5,799,278.22	5,799,396.80	118.58
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
813904	11/18/15	1/29/16	313396SK0	A-1	P-1	F1+	1,300,000.00		0.1700	1,299,558.00	0.00	270.11	1,299,828.11	1,299,870.00	41.89

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FHLB DISC CORP / UBS FINANCIAL SERVICES</b>															
815400	11/30/15	1/29/16	313384SK6	A-1	P-1	F1+	4,900,000.00		0.2000	4,898,366.67	0.00	871.11	4,899,237.78	4,899,490.40	252.62
<b>FHLB DISC CORP / BARCLAYS CAPITAL</b>															
818065	12/15/15	1/29/16	313384SK6	A-1	P-1	F1+	21,370,000.00		0.2600	21,363,054.75	0.00	2,623.76	21,365,678.51	21,367,777.52	2,099.01
<b>FHLB DISC CORP / BARCLAYS CAPITAL</b>															
818283	12/16/15	1/29/16	313384SK6	A-1	P-1	F1+	1,915,000.00		0.3000	1,914,297.83	0.00	255.33	1,914,553.16	1,914,800.84	247.68
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
818284	12/16/15	1/29/16	313384SK6	A-1	P-1	F1+	1,700,000.00		0.2900	1,699,397.44	0.00	219.11	1,699,616.55	1,699,823.20	206.65
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
818568	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	10,000,000.00		0.2600	9,996,894.44	0.00	1,083.33	9,997,977.77	9,998,960.00	982.23
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
818570	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	50,000,000.00		0.2600	49,984,472.22	0.00	5,416.67	49,989,888.89	49,994,800.00	4,911.11
<b>FHLB DISC CORP / DEUTSCHE</b>															
818571	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	50,000,000.00		0.2500	49,985,069.44	0.00	5,208.33	49,990,277.77	49,994,800.00	4,522.23
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
819051	12/21/15	1/29/16	313384SK6	A-1	P-1	F1+	1,200,000.00		0.2600	1,199,662.00	0.00	95.33	1,199,757.33	1,199,875.20	117.87
<b>FHLB DISC CORP / TDSI</b>															
819383	12/22/15	1/29/16	313384SK6	A-1	P-1	F1+	25,000,000.00		0.2500	24,993,402.78	0.00	1,736.11	24,995,138.89	24,997,400.00	2,261.11
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
819050	12/21/15	2/8/16	313312SV3	A-1	P-1	F1+	15,000,000.00		0.3000	14,993,875.00	0.00	1,375.00	14,995,250.00	14,996,355.00	1,105.00
<b>FNMA DISCOUNT / MORGAN STANLEY</b>															
806114	10/5/15	2/12/16	313588S29	A-1	P-1	F1+	10,000,000.00		0.1300	9,995,305.56	0.00	3,177.77	9,998,483.33	9,997,300.00	(1,183.33)
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
814131	11/19/15	2/12/16	313396S27	A-1	P-1	F1+	2,300,000.00		0.1850	2,298,995.35	0.00	508.23	2,299,503.58	2,299,379.00	(124.58)
<b>FHLB DISC CORP / JP MORGAN CHASE &amp; CO</b>															
817389	12/10/15	2/12/16	313384S23	A-1	P-1	F1+	12,200,000.00		0.4000	12,191,324.44	0.00	2,982.22	12,194,306.66	12,196,693.80	2,387.14
<b>FHLB DISC CORP / JP MORGAN CHASE &amp; CO</b>															
820021	12/28/15	2/12/16	313384S23	A-1	P-1	F1+	12,000,000.00		0.2400	11,996,320.00	0.00	320.00	11,996,640.00	11,996,748.00	108.00
<b>FREDDIE DISCOUNT / DEUTSCHE</b>															
814624	11/23/15	2/17/16	313396TE3	A-1	P-1	F1+	15,000,000.00		0.2000	14,992,833.33	0.00	3,250.00	14,996,083.33	14,995,410.00	(673.33)
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
809915	10/27/15	3/8/16	313396UA9	A-1	P-1	F1+	40,000,000.00		0.1300	39,980,788.89	0.00	9,533.33	39,990,322.22	39,978,800.00	(11,522.22)
<b>FREDDIE DISCOUNT / JP MORGAN CHASE &amp; CO</b>															

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<b>Issuer / Broker</b>																
<b>UNITED STATES DOLLAR</b>																
<b><u>County Money Mkt Fnd</u></b>																
<b>GOVERNMENT AGENCY</b>																
<b>DISCOUNT NOTES</b>																
811569	11/4/15	3/8/16	313396UA9	A-1	P-1	F1+	30,000,000.00		0.1600	29,983,333.33	0.00	7,733.33	29,991,066.66	29,984,100.00	(6,966.66)	
<b>FREDDIE DISCOUNT / CASTLE OAK SECURITIES</b>																
814892	11/24/15	3/10/16	313396UC5	A-1	P-1	F1+	30,000,000.00		0.2300	29,979,491.67	0.00	7,283.33	29,986,775.00	29,983,500.00	(3,275.00)	
<b>FREDDIE DISCOUNT / BANK OF AMERICA</b>																
815143	11/25/15	3/10/16	313396UC5	A-1	P-1	F1+	40,000,000.00		0.2300	39,972,911.11	0.00	9,455.56	39,982,366.67	39,978,000.00	(4,366.67)	
<b>FREDDIE DISCOUNT / DEUTSCHE</b>																
814893	11/24/15	3/11/16	313396UD3	A-1	P-1	F1+	24,000,000.00		0.2300	23,983,440.00	0.00	5,826.67	23,989,266.67	23,986,560.00	(2,706.67)	
<b>FHLB DISC CORP / FTN FINANCIAL</b>																
819619	12/23/15	3/28/16	313384UW7	A-1	P-1	F1+	15,000,000.00		0.3800	14,984,800.00	0.00	1,425.00	14,986,225.00	14,989,500.00	3,275.00	
<b>FHLB DISC CORP / BARCLAYS CAPITAL</b>																
820022	12/28/15	4/18/16	313384VT3	A-1	P-1	F1+	15,000,000.00		0.4000	14,981,333.33	0.00	666.67	14,982,000.00	14,984,700.00	2,700.00	
<b>FNMA DISCOUNT / DAIWA CAPITAL MARKETS</b>																
820254	12/29/15	4/19/16	313588VU6	A-1	P-1	F1+	50,000,000.00		0.3500	49,945,555.56	0.00	1,458.33	49,947,013.89	49,948,500.00	1,486.11	
<b>FREDDIE DISCOUNT / FTN FINANCIAL</b>																
817903	12/14/15	4/21/16	313396VW0	A-1	P-1	F1+	50,000,000.00		0.4700	49,915,791.67	0.00	11,750.00	49,927,541.67	49,947,500.00	19,958.33	
<b>FREDDIE DISCOUNT / DEUTSCHE</b>																
815157	11/25/15	4/22/16	313396VX8	A-1	P-1	F1+	35,000,000.00		0.2800	34,959,438.89	0.00	10,072.22	34,969,511.11	34,962,900.00	(6,611.11)	
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>																
818276	12/16/15	4/29/16	313396WE9	A-1	P-1	F1+	25,000,000.00		0.4800	24,955,000.00	0.00	5,333.33	24,960,333.33	24,971,750.00	11,416.67	
<b>FREDDIE DISCOUNT / DEUTSCHE</b>																
819814	12/24/15	5/4/16	313396WK5	A-1	P-1	F1+	17,000,000.00		0.4600	16,971,326.67	0.00	1,737.78	16,973,064.45	16,976,030.00	2,965.55	
<b>FARM CREDIT DISCOUNT NOTE / BARCLAYS CAPITAL</b>																
818064	12/15/15	5/9/16	313312WQ9	A-1	P-1	F1+	25,000,000.00		0.5100	24,948,291.67	0.00	6,020.83	24,954,312.50	24,963,250.00	8,937.50	
<b>FHLB DISC CORP / BANK OF AMERICA</b>																
819811	12/24/15	5/20/16	313384XB0	A-1	P-1	F1+	17,000,000.00		0.5000	16,965,055.56	0.00	1,888.89	16,966,944.45	16,972,800.00	5,855.55	
<b>FNMA DISCOUNT / DAIWA CAPITAL MARKETS</b>																
819620	12/23/15	6/22/16	313588YL3	A-1	P-1	F1+	30,500,000.00		0.5650	30,412,880.14	0.00	4,308.12	30,417,188.26	30,432,290.00	15,101.74	
<b>FNMA DISCOUNT / GOLDMAN SACHS GROUP INC</b>																
819810	12/24/15	6/22/16	313588YL3	A-1	P-1	F1+	15,538,000.00		0.5550	15,494,642.51	0.00	1,916.35	15,496,558.86	15,503,505.64	6,946.78	
<b>FNMA DISCOUNT / UBS</b>																
818810	12/18/15	10/11/16	313588K38	A-1	P-1	F1+	21,652,000.00		0.6500	21,535,500.21	0.00	5,473.14	21,540,973.35	21,546,338.24	5,364.89	
<b>Subtotal for DISCOUNT NOTES:</b>							<b>1,087,936,000.00</b>	<b>0.0000</b>	<b>0.2560</b>	<b>1,087,029,896.49</b>	<b>0.00</b>	<b>188,087.07</b>	<b>1,087,217,983.56</b>	<b>1,087,292,004.73</b>	<b>74,021.17</b>	
<b>GOVT AGENCY-FIX-30/360</b>																

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
753255	12/8/14	1/4/16	3130A3PB4	AA+	Aaa	AAA	10,000,000.00	0.2300	0.2537	9,997,460.00	2,520.26	11,308.33	9,999,980.26	10,000,900.00	919.74
<b>FANNIE MAE / JEFFERIES &amp; COMPANY</b>															
773418	4/2/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	15,000,000.00	0.5000	0.3546	15,021,633.45	(16,255.30)	18,958.33	15,005,378.15	15,002,025.00	(3,353.15)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
820264	12/29/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	3,037,000.00	0.5000	0.4196	3,037,577.03	(12.68)	84.36	3,037,564.35	3,037,410.00	(154.36)
<b>FREDDIE MAC / DEUTSCHE</b>															
800395	9/1/15	5/13/16	3137EADQ9	AA+	Aaa	AAA	4,410,000.00	0.5000	0.3837	4,413,579.11	(1,704.34)	2,940.00	4,411,874.77	4,409,801.55	(2,073.22)
<b>FED FARM CR BK / JP MORGAN CHASE &amp; CO.</b>															
792452	7/20/15	8/11/16	3133EE4G2	AA+	Aaa	AAA	5,000,000.00	0.4000	0.4000	5,000,000.00	0.00	8,944.45	5,000,000.00	4,992,100.00	(7,900.00)
<b>FED FARM CR BK / DEUTSCHE</b>															
800398	9/1/15	8/25/16	31331V2U9	AA+	Aaa	AAA	1,125,000.00	5.1250	0.4859	1,176,134.59	(17,333.76)	19,218.75	1,158,800.83	1,156,860.00	(1,940.83)
<b>FED FARM CR BK / JP MORGAN CHASE &amp; CO</b>															
800888	9/3/15	8/25/16	31331V2U9	AA+	Aaa	AAA	7,578,000.00	5.1250	0.4865	7,920,449.82	(114,798.52)	127,299.88	7,805,651.30	7,792,608.96	(13,042.34)
<b>Subtotal for GOVT AGENCY-FIX-30/360:</b>							<b>46,150,000.00</b>	<b>1.3028</b>	<b>0.3696</b>	<b>46,566,834.00</b>	<b>(147,584.34)</b>	<b>188,754.10</b>	<b>46,419,249.66</b>	<b>46,391,705.51</b>	<b>(27,544.15)</b>
<b>GOVT AGENCY-FLOAT-ACT/360</b>															
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
765788	2/19/15	1/19/16	3133EEQU7	AA+	Aaa	AAA	50,000,000.00	0.3571	0.1575	50,000,000.00	0.00	6,447.64	50,000,000.00	49,996,500.00	(3,500.00)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
767589	3/2/15	3/2/16	3133EERN2	AA+	Aaa	AAA	15,000,000.00	0.4000	0.1576	14,998,857.60	952.00	5,000.00	14,999,809.60	14,997,300.00	(2,509.60)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
767597	3/2/15	3/2/16	3133EERE2	AA+	Aaa	AAA	20,000,000.00	0.1980	0.1507	19,999,460.00	450.00	3,300.00	19,999,910.00	19,998,200.00	(1,710.00)
<b>FED FARM CR BK / DEUTSCHE</b>															
770645	3/18/15	4/18/16	3133EETY6	AA+	Aaa	AAA	16,000,000.00	0.3100	0.1575	15,998,564.48	1,045.00	1,928.89	15,999,609.48	15,995,360.00	(4,249.48)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
798096	8/19/15	6/20/16	3133EDA77	AA+	Aaa	AAA	4,000,000.00	0.5200	0.1688	4,003,395.88	(1,498.18)	693.33	4,001,897.70	3,999,280.00	(2,617.70)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
810345	10/28/15	11/7/16	3133EDG6T4	AA+	Aaa	AAA	40,000,000.00	0.5500	0.2949	40,002,078.40	(359.30)	33,611.11	40,001,719.10	39,978,400.00	(23,319.10)
<b>Subtotal for GOVT AGENCY-FLOAT-ACT/360:</b>							<b>145,000,000.00</b>	<b>0.3921</b>	<b>0.1948</b>	<b>145,002,356.36</b>	<b>589.52</b>	<b>50,980.97</b>	<b>145,002,945.88</b>	<b>144,965,040.00</b>	<b>(37,905.88)</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>1,279,086,000.00</b>	<b>0.0915</b>	<b>0.2532</b>	<b>1,278,599,086.85</b>	<b>(146,994.82)</b>	<b>427,822.14</b>	<b>1,278,640,179.10</b>	<b>1,278,648,750.24</b>	<b>8,571.14</b>
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b>County Money Mkt Fnd</b>															
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
772627	3/30/15	4/11/16	931142DE0	AA	Aa2	AA	7,000,000.00	0.6000	0.4073	7,013,860.00	(10,124.15)	9,333.33	7,003,735.85	7,000,490.00	(3,245.85)
<b>APPLE INC. / CASTLE OAK SECURITIES</b>															
775105	4/13/15	5/3/16	037833AH3	AA+	Aa1		10,000,000.00	0.4500	0.4059	10,004,640.00	(3,150.32)	7,250.00	10,001,489.68	9,995,100.00	(6,389.68)
<b>APPLE INC. / CASTLE OAK SECURITIES</b>															
775106	4/13/15	5/3/16	037833AH3	AA+	Aa1		1,935,000.00	0.4500	0.4063	1,935,890.10	(604.33)	1,402.88	1,935,285.77	1,934,051.85	(1,233.92)
<b>APPLE INC. / MORGAN STANLEY</b>															
786751	6/17/15	5/3/16	037833AH3	AA+	Aa1		6,000,000.00	0.4500	0.5174	5,996,460.00	2,173.29	4,350.00	5,998,633.29	5,997,060.00	(1,573.29)
<b>APPLE INC. / RBC</b>															
790972	7/10/15	5/3/16	037833AH3	AA+	Aa1		5,000,000.00	0.4500	0.4066	5,001,760.00	(1,027.17)	3,625.00	5,000,732.83	4,997,550.00	(3,182.83)
<b>JOHNSON &amp; JOHNSON / RBC</b>															
817904	12/14/15	5/15/16	478160AY0	AAA	Aaa	AAA	4,600,000.00	2.1500	0.5536	4,630,569.62	(3,441.61)	4,670.28	4,627,128.01	4,626,864.00	(264.01)
<b>JOHNSON &amp; JOHNSON / MORGAN STANLEY</b>															
819604	12/23/15	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.6474	10,058,700.00	(3,307.04)	4,777.78	10,055,392.96	10,058,400.00	3,007.04
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
783712	6/1/15	6/1/16	931142B88	AA	Aa2	AA	15,000,000.00	5.3190	0.3534	15,741,300.00	(432,425.00)	465,412.50	15,308,875.00	15,296,100.00	(12,775.00)
<b>CHEVRON CORP / TD SECURITIES</b>															
814129	11/19/15	6/24/16	166764AC4	AA	Aa1		10,000,000.00	0.8890	0.4524	10,026,000.00	(5,079.07)	1,728.61	10,020,920.93	10,022,900.00	1,979.07
<b>Subtotal for MEDIUM TERM NOTE:</b>							<b>69,535,000.00</b>	<b>1.9355</b>	<b>0.4556</b>	<b>70,409,179.72</b>	<b>(456,985.40)</b>	<b>502,550.38</b>	<b>69,952,194.32</b>	<b>69,928,515.85</b>	<b>(23,678.47)</b>
<b>MEDIUM TERM NOTE FLOATER</b>															
<b>APPLE INC. / RBC</b>															
818819	12/18/15	5/3/16	037833AF7	AA+	Aa1		7,915,000.00	0.3841	0.3964	7,914,627.36	38.08	1,182.28	7,914,665.44	7,914,604.25	(61.19)
<b>APPLE INC. / TD SECURITIES</b>															
818820	12/18/15	5/3/16	037833AF7	AA+	Aa1		5,000,000.00	0.3841	0.3972	4,999,750.00	25.55	746.86	4,999,775.55	4,999,750.00	(25.55)
<b>Subtotal for MEDIUM TERM NOTE FLOATER:</b>							<b>12,915,000.00</b>	<b>0.3841</b>	<b>0.3967</b>	<b>12,914,377.36</b>	<b>63.63</b>	<b>1,929.14</b>	<b>12,914,440.99</b>	<b>12,914,354.25</b>	<b>(86.74)</b>
<b>Subtotal for MEDIUM TERM NOTES:</b>							<b>82,450,000.00</b>	<b>1.6925</b>	<b>0.4463</b>	<b>83,323,557.08</b>	<b>(456,921.77)</b>	<b>504,479.52</b>	<b>82,866,635.31</b>	<b>82,842,870.10</b>	<b>(23,765.21)</b>
<b>TREASURIES</b>															
<b>TREASURY BILL</b>															
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
810348	10/28/15	1/7/16	912796FP9	AA+	Aaa	AAA	10,000,000.00		0.0400	9,999,211.11	0.00	722.22	9,999,211.11	9,999,893.10	681.99
<b>US TREASURY N/B / DEUTSCHE</b>															
810850	10/30/15	1/7/16	912796FP9	AA+	Aaa	AAA	50,000,000.00		0.0700	49,993,291.67	0.00	6,125.00	49,993,291.67	49,999,465.50	6,173.83

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>County Money Mkt Fnd</u></b>															
<b>TREASURIES</b>															
<b>TREASURY BILL</b>															
<b>US TREASURY N/B / DEUTSCHE</b>															
818815	12/18/15	1/7/16	912796FP9	AA+	Aaa	AAA	18,000,000.00		0.1640	17,998,360.00	0.00	1,148.00	17,998,360.00	17,999,807.58	1,447.58
<b>US TREASURY N/B / DEUTSCHE</b>															
818816	12/18/15	1/7/16	912796FP9	AA+	Aaa	AAA	50,000,000.00		0.1670	49,995,361.11	0.00	3,247.22	49,995,361.11	49,999,465.50	4,104.39
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
811284	11/3/15	1/14/16	912796GX1	AA+	Aaa	AAA	15,000,000.00		0.0850	14,997,450.00	0.00	2,089.58	14,997,450.00	14,999,343.75	1,893.75
<b>US TREASURY N/B / DEUTSCHE</b>															
811287	11/3/15	1/14/16	912796GX1	AA+	Aaa	AAA	20,000,000.00		0.0800	19,996,800.00	0.00	2,622.22	19,996,800.00	19,999,125.00	2,325.00
<b>Subtotal for TREASURY BILL:</b>							<b>163,000,000.00</b>	<b>0.0000</b>	<b>0.1109</b>	<b>162,980,473.89</b>	<b>0.00</b>	<b>15,954.24</b>	<b>162,980,473.89</b>	<b>162,997,100.43</b>	<b>16,626.54</b>
<b>Subtotal for TREASURIES:</b>							<b>163,000,000.00</b>		<b>0.1109</b>	<b>162,980,473.89</b>	<b>0.00</b>	<b>15,954.24</b>	<b>162,980,473.89</b>	<b>162,997,100.43</b>	<b>16,626.54</b>
<b>Total County Money Mkt Fnd :</b>							<b>1,720,826,801.63</b>	<b>0.1738</b>	<b>0.2570</b>	<b>1,721,194,632.95</b>	<b>(604,482.47)</b>	<b>1,005,496.78</b>	<b>1,720,778,237.55</b>	<b>1,720,712,910.60</b>	<b>(65,326.95)</b>
<b>Net Asset Value (NAV):</b>														<b>0.999962</b>	
<b><u>Educational Money Mkt Fnd</u></b>															
<b>FUNDS</b>															
<b>GOLDMAN SACHS - EDUCATIONAL MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		178,815,069.72		0.1800	178,815,069.72	0.00	0.00	178,815,069.72	178,815,069.72	0.00
<b>MORGAN STANLEY GOVT 8302-EDUCATIONAL MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		63,700,198.21		0.1680	63,700,198.21	0.00	0.00	63,700,198.21	63,700,198.21	0.00
<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>															
	1/4/16		AAAm	Aaa-mf	AAAmf		941,590.45		0.0320	941,590.45	0.00	0.00	941,590.45	941,590.45	0.00
<b>Subtotal for FUNDS:</b>							<b>243,456,858.38</b>		<b>0.1763</b>	<b>243,456,858.38</b>	<b>0.00</b>	<b>0.00</b>	<b>243,456,858.38</b>	<b>243,456,858.38</b>	<b>0.00</b>
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD</b>															
<b>TORONTO DOMINION BANK NY / TDSI</b>															
819385	12/22/15	5/31/16	89113EY83	A-1+	P-1	F1+	15,000,000.00	0.7300	0.7300	15,000,000.00	0.00	3,041.67	15,000,000.00	14,995,712.55	(4,287.45)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
820257	12/29/15	6/30/16	78009NYQ3	A-1+	P-1	F1+	15,000,000.00	0.8550	0.8550	15,000,000.00	0.00	1,068.75	15,000,000.00	14,997,000.00	(3,000.00)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
815147	11/25/15	8/29/16	78009NXX7	A-1+	P-1	F1+	5,000,000.00	0.7700	0.7700	5,000,000.00	0.00	3,956.95	5,000,000.00	4,992,500.00	(7,500.00)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
815649	12/1/15	8/30/16	78009NXL5	A-1+	P-1	F1+	5,000,000.00	0.7700	0.7700	5,000,000.00	0.00	3,315.28	5,000,000.00	4,992,500.00	(7,500.00)



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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD</b>															
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
799556	8/27/15	8/31/16	89113EYPS	A-1+	P-1	F1+	5,000,000.00	0.7000	0.7000	5,000,000.00	0.00	12,347.22	5,000,000.00	4,991,013.35	(8,986.65)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
805632	10/1/15	10/5/16	89113EC95	A-1+	P-1	F1+	5,000,000.00	0.6600	0.6600	5,000,000.00	0.00	8,433.33	5,000,000.00	4,986,337.75	(13,662.25)
<b>Subtotal for YANKEE CD:</b>							<b>50,000,000.00</b>	<b>0.7655</b>	<b>0.7655</b>	<b>50,000,000.00</b>	<b>0.00</b>	<b>32,163.20</b>	<b>50,000,000.00</b>	<b>49,955,063.65</b>	<b>(44,936.35)</b>
<b>YANKEE CD FLOATER</b>															
<b>ROYAL BANK OF CANADA NY / RBC</b>															
790216	7/7/15	1/7/16	78009NVK9	A-1+	P-1	F1+	15,000,000.00	0.3448	0.3448	15,000,000.00	0.00	3,591.15	15,000,000.00	15,000,000.00	0.00
<b>ROYAL BANK OF CANADA NY / RBC</b>															
817391	12/10/15	1/7/16	78009NVK9	A-1+	P-1	F1+	5,000,000.00	0.4186	0.3300	5,000,344.40	(270.60)	1,279.06	5,000,073.80	5,000,000.00	(73.80)
<b>Subtotal for YANKEE CD FLOATER:</b>							<b>20,000,000.00</b>	<b>0.3632</b>	<b>0.3411</b>	<b>20,000,344.40</b>	<b>(270.60)</b>	<b>4,870.21</b>	<b>20,000,073.80</b>	<b>20,000,000.00</b>	<b>(73.80)</b>
<b>Subtotal for CERTIFICATES OF DEPOSIT:</b>							<b>70,000,000.00</b>	<b>0.6506</b>	<b>0.6442</b>	<b>70,000,344.40</b>	<b>(270.60)</b>	<b>37,033.41</b>	<b>70,000,073.80</b>	<b>69,955,063.65</b>	<b>(45,010.15)</b>
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FNMA DISCOUNT / JP MORGAN CHASE &amp; CO</b>															
810847	10/30/15	1/4/16	313588RJ6	A-1	P-1	F1+	7,900,000.00		0.0700	7,898,986.17	0.00	967.75	7,899,953.92	7,900,000.00	46.08
<b>FHLB DISC CORP / UBS FINANCIAL SERVICES</b>															
812061	11/6/15	1/4/16	313384RJ0	A-1	P-1	F1+	5,000,000.00		0.0850	4,999,303.47	0.00	661.11	4,999,964.58	5,000,000.00	35.42
<b>FHLB DISC CORP / UBS FINANCIAL SERVICES</b>															
812546	11/10/15	1/4/16	313384RJ0	A-1	P-1	F1+	6,905,000.00		0.0800	6,904,156.06	0.00	797.91	6,904,953.97	6,905,000.00	46.03
<b>FREDDIE DISCOUNT / FTN FINANCIAL</b>															
815644	12/1/15	1/4/16	313396RJ4	A-1	P-1	F1+	5,000,000.00		0.1000	4,999,527.78	0.00	430.55	4,999,958.33	5,000,000.00	41.67
<b>FHLB DISC CORP / DEUTSCHE</b>															
816178	12/3/15	1/4/16	313384RJ0	A-1	P-1	F1+	50,000,000.00		0.1500	49,993,333.33	0.00	6,041.67	49,999,375.00	50,000,000.00	625.00
<b>FNMA DISCOUNT / UBS</b>															
818576	12/17/15	1/4/16	313588RJ6	A-1	P-1	F1+	37,760,000.00		0.1800	37,756,601.60	0.00	2,832.00	37,759,433.60	37,760,000.00	566.40
<b>FNMA DISCOUNT / BANK OF AMERICA</b>															
820018	12/28/15	1/4/16	313588RJ6	A-1	P-1	F1+	49,500,000.00		0.1900	49,498,171.25	0.00	1,045.00	49,499,216.25	49,500,000.00	783.75
<b>FREDDIE DISCOUNT / JP MORGAN CHASE &amp; CO.</b>															
812547	11/10/15	1/5/16	313396RK1	A-1	P-1	F1+	5,800,000.00		0.1000	5,799,097.78	0.00	837.78	5,799,935.56	5,800,000.00	64.44
<b>FNMA DISCOUNT / UBS FINANCIAL SERVICES</b>															
815645	12/1/15	1/6/16	313588RL1	A-1	P-1	F1+	7,000,000.00		0.0900	6,999,370.00	0.00	542.50	6,999,912.50	6,999,930.00	17.50

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
816424	12/4/15	1/7/16	313396RM7	A-1	P-1	F1+	8,000,000.00		0.2000	7,998,488.89	0.00	1,244.44	7,999,733.33	7,999,920.00	186.67
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
810341	10/28/15	1/8/16	313384RN1	A-1	P-1	F1+	14,500,000.00		0.1000	14,497,100.00	0.00	2,618.06	14,499,718.06	14,499,753.50	35.44
<b>FHLB DISC CORP / GOLDMAN SACHS GROUP INC</b>															
813258	11/16/15	1/8/16	313384RN1	A-1	P-1	F1+	10,000,000.00		0.1250	9,998,159.72	0.00	1,597.22	9,999,756.94	9,999,830.00	73.06
<b>FHLB DISC CORP / DEUTSCHE</b>															
815643	12/1/15	1/8/16	313384RN1	A-1	P-1	F1+	11,318,000.00		0.1300	11,316,446.92	0.00	1,266.99	11,317,713.91	11,317,807.59	93.68
<b>FNMA DISCOUNT / JEFFERIES &amp; COMPANY</b>															
819816	12/24/15	1/8/16	313588RN7	A-1	P-1	F1+	4,249,000.00		0.1900	4,248,663.62	0.00	179.40	4,248,843.02	4,248,927.77	84.75
<b>FNMA DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
820019	12/28/15	1/8/16	313588RN7	A-1	P-1	F1+	50,000,000.00		0.1950	49,997,020.83	0.00	1,083.33	49,998,104.16	49,999,150.00	1,045.84
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
820818	12/31/15	1/8/16	313384RN1	A-1	P-1	F1+	6,200,000.00		0.1000	6,199,862.22	0.00	17.22	6,199,879.44	6,199,894.60	15.16
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
818814	12/18/15	1/11/16	313396RR6	A-1	P-1	F1+	15,000,000.00		0.2300	14,997,700.00	0.00	1,341.67	14,999,041.67	14,999,550.00	508.33
<b>FNMA DISCOUNT / JEFFERIES &amp; COMPANY</b>															
810849	10/30/15	1/13/16	313588RT4	A-1	P-1	F1+	9,290,000.00		0.1100	9,287,871.04	0.00	1,788.33	9,289,659.37	9,289,628.40	(30.97)
<b>FARM CREDIT DISCOUNT NOTE / DAIWA CAPITAL MARKETS</b>															
812060	11/6/15	1/14/16	313312RU6	A-1	P-1	F1+	6,000,000.00		0.1200	5,998,620.00	0.00	1,120.00	5,999,740.00	5,999,760.00	20.00
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
815144	11/25/15	1/15/16	313384RV3	A-1	P-1	F1+	7,800,000.00		0.1600	7,798,232.00	0.00	1,282.67	7,799,514.67	7,799,641.20	126.53
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
815646	12/1/15	1/15/16	313384RV3	A-1	P-1	F1+	20,000,000.00		0.1500	19,996,250.00	0.00	2,583.33	19,998,833.33	19,999,080.00	246.67
<b>FHLB DISC CORP / DEUTSCHE</b>															
818579	12/17/15	1/15/16	313384RV3	A-1	P-1	F1+	15,000,000.00		0.2500	14,996,979.17	0.00	1,562.50	14,998,541.67	14,999,310.00	768.33
<b>FHLB DISC CORP / CITIGROUP GLOBAL MARKETS</b>															
818575	12/17/15	1/20/16	313384SA8	A-1	P-1	F1+	10,200,000.00		0.2700	10,197,399.00	0.00	1,147.50	10,198,546.50	10,199,316.60	770.10
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
815975	12/2/15	1/22/16	313396SC8	A-1	P-1	F1+	10,000,000.00		0.1750	9,997,520.83	0.00	1,458.34	9,998,979.17	9,999,200.00	220.83
<b>FHLB DISC CORP / JP MORGAN CHASE &amp; CO</b>															
815647	12/1/15	1/25/16	313384SF7	A-1	P-1	F1+	21,000,000.00		0.1800	20,994,225.00	0.00	3,255.00	20,997,480.00	20,998,152.00	672.00
<b>FHLB DISC CORP / CITIGROUP GLOBAL MARKETS</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
818578	12/17/15	1/26/16	313384SG5	A-1	P-1	F1+	8,900,000.00		0.2700	8,897,330.00	0.00	1,001.25	8,898,331.25	8,899,181.20	849.95
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
815977	12/2/15	1/29/16	313396SK0	A-1	P-1	F1+	11,153,000.00		0.2000	11,149,406.26	0.00	1,858.83	11,151,265.09	11,151,884.70	619.61
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
818286	12/16/15	1/29/16	313384SK6	A-1	P-1	F1+	15,000,000.00		0.3100	14,994,316.67	0.00	2,066.67	14,996,383.34	14,998,440.00	2,056.66
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
818563	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	19,695,000.00		0.2600	19,688,883.61	0.00	2,133.62	19,691,017.23	19,692,951.72	1,934.49
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
818564	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	25,000,000.00		0.2600	24,992,236.11	0.00	2,708.33	24,994,944.44	24,997,400.00	2,455.56
<b>FHLB DISC CORP / CASTLE OAK SECURITIES</b>															
818565	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	25,000,000.00		0.2600	24,992,236.11	0.00	2,708.33	24,994,944.44	24,997,400.00	2,455.56
<b>FHLB DISC CORP / DEUTSCHE</b>															
818567	12/17/15	1/29/16	313384SK6	A-1	P-1	F1+	50,000,000.00		0.2500	49,985,069.44	0.00	5,208.33	49,990,277.77	49,994,800.00	4,522.23
<b>FHLB DISC CORP / DEUTSCHE</b>															
818811	12/18/15	1/29/16	313384SK6	A-1	P-1	F1+	15,000,000.00		0.2500	14,995,625.00	0.00	1,458.33	14,997,083.33	14,998,440.00	1,356.67
<b>FHLB DISC CORP / GOLDMAN SACHS GROUP INC</b>															
818812	12/18/15	1/29/16	313384SK6	A-1	P-1	F1+	6,300,000.00		0.2700	6,298,015.50	0.00	661.50	6,298,677.00	6,299,344.80	667.80
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
818813	12/18/15	1/29/16	313396SK0	A-1	P-1	F1+	6,700,000.00		0.2600	6,697,967.67	0.00	677.44	6,698,645.11	6,699,330.00	684.89
<b>FHLB DISC CORP / TDSI</b>															
819381	12/22/15	1/29/16	313384SK6	A-1	P-1	F1+	20,400,000.00		0.2400	20,394,832.00	0.00	1,360.00	20,396,192.00	20,397,878.40	1,686.40
<b>FED FARM CR BK / JEFFERIES &amp; COMPANY</b>															
820826	12/31/15	2/2/16	313312SP6	A-1	P-1	F1+	10,000,000.00		0.1900	9,998,258.33	0.00	52.78	9,998,311.11	9,997,990.00	(321.11)
<b>FED FARM CR BK / UBS FINANCIAL SERVICES</b>															
820825	12/31/15	2/4/16	313312SR2	A-1	P-1	F1+	15,000,000.00		0.2000	14,997,083.33	0.00	83.33	14,997,166.66	14,996,355.00	(811.66)
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
806387	10/6/15	2/5/16	313588SS5	A-1	P-1	F1+	20,000,000.00		0.1300	19,991,188.89	0.00	6,283.33	19,997,472.22	19,995,600.00	(1,872.22)
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
818282	12/16/15	2/8/16	313588SV8	A-1	P-1	F1+	8,300,000.00		0.3300	8,295,891.50	0.00	1,217.33	8,297,108.83	8,297,983.10	874.27
<b>FNMA DISCOUNT / JP MORGAN CHASE &amp; CO</b>															
819053	12/21/15	2/8/16	313588SV8	A-1	P-1	F1+	5,400,000.00		0.2800	5,397,942.00	0.00	462.00	5,398,404.00	5,398,687.80	283.80
<b>FHLB DISC CORP / DAIWA CAPITAL MARKETS</b>															
818277	12/16/15	2/10/16	313384SX8	A-1	P-1	F1+	5,000,000.00		0.3375	4,997,375.00	0.00	750.00	4,998,125.00	4,998,715.00	590.00

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FHLB DISC CORP / DAIWA</b>															
818281	12/16/15	2/10/16	313384SX8	A-1	P-1	F1+	25,000,000.00		0.3375	24,986,875.00	0.00	3,750.00	24,990,625.00	24,993,575.00	2,950.00
<b>FREDDIE DISCOUNT / GOLDMAN SACHS GROUP INC</b>															
818566	12/17/15	2/10/16	313396SX2	A-1	P-1	F1+	5,185,000.00		0.2600	5,182,940.40	0.00	561.71	5,183,502.11	5,183,667.46	165.35
<b>FHLB DISC CORP / CASTLE OAK SECURITIES</b>															
818572	12/17/15	2/10/16	313384SX8	A-1	P-1	F1+	25,000,000.00		0.3350	24,987,204.86	0.00	3,489.58	24,990,694.44	24,993,575.00	2,880.56
<b>FNMA DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
820252	12/29/15	2/10/16	313588SX4	A-1	P-1	F1+	14,453,000.00		0.2300	14,449,029.44	0.00	277.02	14,449,306.46	14,449,285.58	(20.88)
<b>FNMA DISCOUNT / JP MORGAN CHASE &amp; CO</b>															
820253	12/29/15	2/16/16	313588TD7	A-1	P-1	F1+	6,750,000.00		0.2500	6,747,703.13	0.00	140.62	6,747,843.75	6,747,975.00	131.25
<b>FNMA DISCOUNT / BARCLAYS CAPITAL</b>															
810340	10/28/15	2/17/16	313588TE5	A-1	P-1	F1+	15,000,000.00		0.1200	14,994,400.00	0.00	3,250.00	14,997,650.00	14,995,350.00	(2,300.00)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
820533	12/30/15	2/18/16	313312TF7	A-1	P-1	F1+	15,000,000.00		0.2400	14,995,000.00	0.00	200.00	14,995,200.00	14,995,350.00	150.00
<b>FREDDIE DISCOUNT / DAIWA CAPITAL MARKETS</b>															
812548	11/10/15	2/25/16	313396TN3	A-1	P-1	F1+	15,000,000.00		0.2100	14,990,637.50	0.00	4,550.00	14,995,187.50	14,994,600.00	(587.50)
<b>FED FARM CR BK / UBS FINANCIAL SERVICES</b>															
820821	12/31/15	2/25/16	313312TN0	A-1	P-1	F1+	15,000,000.00		0.2400	14,994,400.00	0.00	100.00	14,994,500.00	14,994,165.00	(335.00)
<b>FNMA DISCOUNT / DAIWA CAPITAL MARKETS</b>															
818299	12/16/15	3/1/16	313588TT2	A-1	P-1	F1+	10,000,000.00		0.3800	9,991,977.78	0.00	1,688.89	9,993,666.67	9,995,250.00	1,583.33
<b>FNMA DISCOUNT / DAIWA CAPITAL MARKETS</b>															
818300	12/16/15	3/1/16	313588TT2	A-1	P-1	F1+	10,000,000.00		0.3800	9,991,977.78	0.00	1,688.89	9,993,666.67	9,995,250.00	1,583.33
<b>FHLB DISC CORP / DAIWA CAPITAL MARKETS</b>															
818577	12/17/15	3/30/16	313384UY3	A-1	P-1	F1+	5,185,000.00		0.4600	5,178,109.71	0.00	993.79	5,179,103.50	5,181,266.80	2,163.30
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
820536	12/30/15	3/30/16	313384UY3	A-1	P-1	F1+	20,000,000.00		0.3500	19,982,305.56	0.00	388.89	19,982,694.45	19,985,600.00	2,905.55
<b>FHLB DISC CORP / DAIWA CAPITAL MARKETS</b>															
820020	12/28/15	3/31/16	313384UZ0	A-1	P-1	F1+	20,000,000.00		0.3700	19,980,677.78	0.00	822.22	19,981,500.00	19,985,400.00	3,900.00
<b>FREDDIE DISCOUNT / JEFFERIES &amp; COMPANY</b>															
818275	12/16/15	4/8/16	313396VH3	A-1	P-1	F1+	20,000,000.00		0.4500	19,971,500.00	0.00	4,000.00	19,975,500.00	19,981,600.00	6,100.00
<b>FREDDIE DISCOUNT / DAIWA CAPITAL MARKETS</b>															
818317	12/16/15	4/8/16	313396VH3	A-1	P-1	F1+	25,000,000.00		0.4500	24,964,375.00	0.00	5,000.00	24,969,375.00	24,977,000.00	7,625.00
<b>FREDDIE DISCOUNT / RBC</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
819052	12/21/15	4/8/16	313396VH3	A-1	P-1	F1+	23,800,000.00		0.4200	23,769,734.33	0.00	3,054.33	23,772,788.66	23,778,104.00	5,315.34
<b>FREDDIE DISCOUNT / JEFFERIES &amp; COMPANY</b>															
820248	12/29/15	4/14/16	313396VP5	A-1	P-1	F1+	24,000,000.00		0.3800	23,972,893.33	0.00	760.00	23,973,653.33	23,976,480.00	2,826.67
<b>FREDDIE DISCOUNT / GOLDMAN SACHS GROUP INC</b>															
820249	12/29/15	4/14/16	313396VP5	A-1	P-1	F1+	15,000,000.00		0.3800	14,983,058.33	0.00	475.00	14,983,533.33	14,985,300.00	1,766.67
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
818279	12/16/15	4/15/16	313396VQ3	A-1	P-1	F1+	10,480,000.00		0.4500	10,464,149.00	0.00	2,096.00	10,466,245.00	10,469,624.80	3,379.80
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
818289	12/16/15	4/21/16	313396VW0	A-1	P-1	F1+	10,000,000.00		0.4700	9,983,419.44	0.00	2,088.89	9,985,508.33	9,989,500.00	3,991.67
<b>FREDDIE DISCOUNT / CITIGROUP GLOBAL MARKETS</b>															
818290	12/16/15	4/22/16	313396VX8	A-1	P-1	F1+	10,000,000.00		0.4700	9,983,288.89	0.00	2,088.89	9,985,377.78	9,989,400.00	4,022.22
<b>FREDDIE DISCOUNT / RBC</b>															
818280	12/16/15	4/29/16	313396WE9	A-1	P-1	F1+	50,000,000.00		0.4800	49,910,000.00	0.00	10,666.67	49,920,666.67	49,943,500.00	22,833.33
<b>FREDDIE DISCOUNT / DEUTSCHE</b>															
818573	12/17/15	5/2/16	313396WH2	A-1	P-1	F1+	14,000,000.00		0.5200	13,972,295.56	0.00	3,033.33	13,975,328.89	13,980,540.00	5,211.11
<b>FED FARM CR BK / BARCLAYS CAPITAL</b>															
818269	12/16/15	5/6/16	313312WM8	A-1	P-1	F1+	25,000,000.00		0.5100	24,949,708.33	0.00	5,666.67	24,955,375.00	24,964,000.00	8,625.00
<b>FHLB DISC CORP / FTN FINANCIAL</b>															
819622	12/23/15	5/6/16	313384WM7	A-1	P-1	F1+	15,000,000.00		0.5000	14,971,875.00	0.00	1,875.00	14,973,750.00	14,978,400.00	4,650.00
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
818569	12/17/15	5/10/16	313396WR0	A-1	P-1	F1+	15,000,000.00		0.5000	14,969,791.67	0.00	3,125.00	14,972,916.67	14,977,800.00	4,883.33
<b>FREDDIE DISCOUNT / FTN FINANCIAL</b>															
820265	12/29/15	5/10/16	313396WR0	A-1	P-1	F1+	15,000,000.00		0.4500	14,975,062.50	0.00	562.50	14,975,625.00	14,977,800.00	2,175.00
<b>FHLB DISC CORP / DEUTSCHE</b>															
818297	12/16/15	5/20/16	313384XB0	A-1	P-1	F1+	5,500,000.00		0.5600	5,486,653.33	0.00	1,368.89	5,488,022.22	5,491,200.00	3,177.78
<b>FHLB DISC CORP / CITIGROUP GLOBAL MARKETS</b>															
820537	12/30/15	5/20/16	313384XB0	A-1	P-1	F1+	17,690,000.00		0.4900	17,655,809.16	0.00	481.56	17,656,290.72	17,661,696.00	5,405.28
<b>FHLB DISC CORP / GOLDMAN SACHS GROUP INC</b>															
820251	12/29/15	6/24/16	313384YN3	A-1	P-1	F1+	15,000,000.00		0.5750	14,957,354.17	0.00	718.75	14,958,072.92	14,966,250.00	8,177.08
<b>FED FARM CR BK / JEFFERIES &amp; COMPANY</b>															
818278	12/16/15	9/12/16	313312F62	A-1	P-1	F1+	11,500,000.00		0.7200	11,437,670.00	0.00	3,680.00	11,441,350.00	11,450,492.50	9,142.50
<b>Subtotal for DISCOUNT NOTES:</b>							<b>1,183,813,000.00</b>	<b>0.0000</b>	<b>0.2907</b>	<b>1,182,964,621.08</b>	<b>0.00</b>	<b>141,036.76</b>	<b>1,183,105,657.84</b>	<b>1,183,255,230.52</b>	<b>149,572.68</b>
<b>GOVT AGENCY-FIX-30/360</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FED HM LN BK BD / CASTLE OAK SECURITIES</b>															
812857	11/12/15	3/14/16	3130A4BW1	AA+	Aaa	AAA	2,200,000.00	0.3400	0.3201	2,200,127.60	(51.25)	1,018.11	2,200,076.35	2,200,132.00	55.65
<b>FANNIE MAE / JEFFERIES &amp; COMPANY</b>															
773417	4/2/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	15,000,000.00	0.5000	0.3546	15,021,633.45	(16,255.30)	18,958.33	15,005,378.15	15,002,025.00	(3,353.15)
<b>FANNIE MAE / CITIGROUP GLOBAL MARKETS</b>															
776701	4/21/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	15,000,000.00	0.5000	0.2808	15,030,900.00	(22,787.61)	18,958.33	15,008,112.39	15,002,025.00	(6,087.39)
<b>FANNIE MAE / CASTLE OAK SECURITIES</b>															
819628	12/23/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	10,575,000.00	0.5000	0.4003	10,577,707.20	(223.27)	1,175.00	10,577,483.93	10,576,427.63	(1,056.30)
<b>FED HM LN BK BD / TD SECURITIES</b>															
820263	12/29/15	4/5/16	313373A25	AA+	Aaa	AAA	1,200,000.00	2.3300	0.4498	1,205,971.20	(124.40)	155.33	1,205,846.80	1,205,976.00	129.20
<b>FED FARM CR BK / JP MORGAN CHASE &amp; CO.</b>															
792451	7/20/15	8/11/16	3133EE4G2	AA+	Aaa	AAA	10,000,000.00	0.4000	0.4000	10,000,000.00	0.00	17,888.89	10,000,000.00	9,984,200.00	(15,800.00)
<b>FED FARM CR BK / CASTLE OAK SECURITIES</b>															
820266	12/29/15	11/1/16	3133EDKJ0	AA+	Aaa	AAA	400,000.00	0.7000	0.8965	399,344.00	4.34	15.56	399,348.34	399,344.00	(4.34)
<b>Subtotal for GOVT AGENCY-FIX-30/360:</b>							<b>54,375,000.00</b>	<b>0.5170</b>	<b>0.3562</b>	<b>54,435,683.45</b>	<b>(39,437.49)</b>	<b>58,169.55</b>	<b>54,396,245.96</b>	<b>54,370,129.63</b>	<b>(26,116.33)</b>
<b>GOVT AGENCY-FLOAT-ACT/360</b>															
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
765787	2/19/15	1/19/16	3133EEQU7	AA+	Aaa	AAA	35,000,000.00	0.3571	0.1575	35,000,000.00	0.00	4,513.35	35,000,000.00	34,997,550.00	(2,450.00)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
767588	3/2/15	3/2/16	3133EERN2	AA+	Aaa	AAA	10,000,000.00	0.4000	0.1576	9,999,238.40	634.67	3,333.33	9,999,873.07	9,998,200.00	(1,673.07)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
768128	3/4/15	3/29/16	3133EDMK5	AA+	Aaa	AAA	20,000,000.00	0.3900	0.1603	19,995,667.92	3,357.09	650.00	19,999,025.01	19,993,800.00	(5,225.01)
<b>FED FARM CR BK / DEUTSCHE</b>															
770646	3/18/15	4/18/16	3133EETY6	AA+	Aaa	AAA	15,000,000.00	0.3100	0.1575	14,998,654.20	979.69	1,808.33	14,999,633.89	14,995,650.00	(3,983.89)
<b>FED FARM CR BK / BNP PARIBAS</b>															
797570	8/17/15	6/20/16	3133EDA77	AA+	Aaa	AAA	15,000,000.00	0.5200	0.1739	15,012,177.00	(5,416.39)	2,600.00	15,006,760.61	14,997,300.00	(9,460.61)
<b>FED FARM CR BK / BNP PARIBAS</b>															
798356	8/20/15	6/20/16	3133EDA77	AA+	Aaa	AAA	10,000,000.00	0.5200	0.1789	10,007,620.00	(3,347.80)	1,733.33	10,004,272.20	9,998,200.00	(6,072.20)
<b>FED FARM CR BK / BNP PARIBAS</b>															
812062	11/6/15	6/20/16	3133EDA77	AA+	Aaa	AAA	15,000,000.00	0.5200	0.2498	15,001,884.90	(465.00)	2,600.00	15,001,419.90	14,997,300.00	(4,119.90)
<b>FED FARM CR BK / CASTLE OAK SECURITIES</b>															
820839	12/31/15	9/19/16	3133EDNQ1	AA+	Aaa	AAA	3,500,000.00	0.4400	0.5813	3,496,447.50	13.51	42.78	3,496,461.01	3,496,185.00	(276.01)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															

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## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FLOAT-ACT/360</b>															
810339	10/28/15	11/7/16	3133ED6T4	AA+	Aaa	AAA	10,000,000.00	0.5500	0.2949	10,000,519.63	(89.83)	8,402.78	10,000,429.80	9,994,600.00	(5,829.80)
<b>Subtotal for GOVT AGENCY-FLOAT-ACT/360:</b>							<b>133,500,000.00</b>	<b>0.4254</b>	<b>0.1931</b>	<b>133,512,209.55</b>	<b>(4,334.06)</b>	<b>25,683.90</b>	<b>133,507,875.49</b>	<b>133,468,785.00</b>	<b>(39,090.49)</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>1,371,688,000.00</b>	<b>0.0619</b>	<b>0.2838</b>	<b>1,370,912,514.08</b>	<b>(43,771.55)</b>	<b>224,890.21</b>	<b>1,371,009,779.29</b>	<b>1,371,094,145.15</b>	<b>84,365.86</b>
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
772628	3/30/15	4/11/16	931142DE0	AA	Aa2	AA	6,550,000.00	0.6000	0.4073	6,562,969.00	(9,473.31)	8,733.33	6,553,495.69	6,550,458.50	(3,037.19)
<b>APPLE INC. / CASTLE OAK SECURITIES</b>															
775103	4/13/15	5/3/16	037833AH3	AA+	Aa1		5,000,000.00	0.4500	0.4059	5,002,320.00	(1,575.16)	3,625.00	5,000,744.84	4,997,550.00	(3,194.84)
<b>APPLE INC. / RBC</b>															
783477	5/29/15	5/3/16	037833AH3	AA+	Aa1		5,075,000.00	0.4500	0.4068	5,077,025.13	(1,285.41)	3,679.38	5,075,739.72	5,072,513.25	(3,226.47)
<b>APPLE INC. / MORGAN STANLEY</b>															
786752	6/17/15	5/3/16	037833AH3	AA+	Aa1		6,082,000.00	0.4500	0.5174	6,078,411.62	2,202.99	4,409.45	6,080,614.61	6,079,019.82	(1,594.79)
<b>JOHNSON &amp; JOHNSON / MORGAN STANLEY</b>															
819603	12/23/15	5/15/16	478160AY0	AAA	Aaa	AAA	8,000,000.00	2.1500	0.6474	8,046,960.00	(2,645.63)	3,822.22	8,044,314.37	8,046,720.00	2,405.63
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
783711	6/1/15	6/1/16	931142BB8	AA	Aa2	AA	15,000,000.00	5.3190	0.3534	15,741,300.00	(432,425.00)	465,412.50	15,308,875.00	15,296,100.00	(12,775.00)
<b>CHEVRON CORP / TD SECURITIES</b>															
814128	11/19/15	6/24/16	166764AC4	AA	Aa1		10,000,000.00	0.8890	0.4524	10,026,000.00	(5,079.07)	1,728.61	10,020,920.93	10,022,900.00	1,979.07
<b>BERKSHIRE HATHAWAY INC / CASTLE OAK SECURITIES</b>															
796625	8/11/15	8/15/16	084670BB3	AA	Aa2	A+	9,030,000.00	2.2000	0.6283	9,172,818.48	(54,930.18)	75,049.33	9,117,888.30	9,108,290.10	(9,598.20)
<b>Subtotal for MEDIUM TERM NOTE:</b>							<b>64,737,000.00</b>	<b>2.1154</b>	<b>0.4725</b>	<b>65,707,804.23</b>	<b>(505,210.77)</b>	<b>566,459.82</b>	<b>65,202,593.46</b>	<b>65,173,551.67</b>	<b>(29,041.79)</b>
<b>MEDIUM TERM NOTE FLOATER</b>															
<b>APPLE INC. / TD SECURITIES</b>															
818817	12/18/15	5/3/16	037833AF7	AA+	Aa1		5,646,000.00	0.3841	0.3972	5,645,717.70	28.85	843.35	5,645,746.55	5,645,717.70	(28.85)
<b>APPLE INC. / RBC</b>															
818818	12/18/15	5/3/16	037833AF7	AA+	Aa1		7,500,000.00	0.3841	0.3964	7,499,646.90	36.08	1,120.29	7,499,682.98	7,499,625.00	(57.98)
<b>Subtotal for MEDIUM TERM NOTE FLOATER:</b>							<b>13,146,000.00</b>	<b>0.3841</b>	<b>0.3967</b>	<b>13,145,364.60</b>	<b>64.93</b>	<b>1,963.64</b>	<b>13,145,429.53</b>	<b>13,145,342.70</b>	<b>(86.83)</b>
<b>MEDIUM TERM NOTE STEP UP</b>															
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
788319	6/26/15	6/1/16	931142BB8	AA	Aa2	AA	7,000,000.00	5.3130	0.5797	7,311,990.00	(172,921.14)	195,252.75	7,139,068.86	7,138,180.00	(888.86)

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Educational Money Mkt Fnd</u></b>															
<b>MEDIUM TERM NOTES</b>															
<b>Subtotal for MEDIUM TERM NOTE STEP UP:</b>							<b>7,000,000.00</b>	<b>5.3130</b>	<b>0.5797</b>	<b>7,311,990.00</b>	<b>(172,921.14)</b>	<b>195,252.75</b>	<b>7,139,068.86</b>	<b>7,138,180.00</b>	<b>(888.86)</b>
<b>Subtotal for MEDIUM TERM NOTES:</b>							<b>84,883,000.00</b>	<b>2.1109</b>	<b>0.4696</b>	<b>86,165,158.83</b>	<b>(678,066.98)</b>	<b>763,676.21</b>	<b>85,487,091.85</b>	<b>85,457,074.37</b>	<b>(30,017.48)</b>
<b>TREASURIES</b>															
<b>TREASURY BILL</b>															
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
811285	11/3/15	1/14/16	912796GX1	AA+	Aaa	AAA	5,000,000.00		0.0850	4,999,150.00	0.00	696.53	4,999,150.00	4,999,781.25	631.25
<b>US TREASURY N/B / DEUTSCHE</b>															
811286	11/3/15	1/14/16	912796GX1	AA+	Aaa	AAA	5,000,000.00		0.0800	4,999,200.00	0.00	655.56	4,999,200.00	4,999,781.25	581.25
<b>US TREASURY N/B / DEUTSCHE</b>															
818582	12/17/15	1/14/16	912796GX1	AA+	Aaa	AAA	50,000,000.00		0.1500	49,994,166.67	0.00	3,125.00	49,994,166.67	49,997,812.50	3,645.83
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
819818	12/24/15	1/21/16	912796GY9	AA+	Aaa	AAA	20,000,000.00		0.1900	19,997,044.44	0.00	844.45	19,997,044.44	19,998,687.40	1,642.96
<b>Subtotal for TREASURY BILL:</b>							<b>80,000,000.00</b>	<b>0.0000</b>	<b>0.1516</b>	<b>79,989,561.11</b>	<b>0.00</b>	<b>5,321.54</b>	<b>79,989,561.11</b>	<b>79,996,062.40</b>	<b>6,501.29</b>
<b>TREASURY BOND</b>															
<b>US TREASURY N/B / CITIGROUP GLOBAL MARKETS</b>															
818310	12/16/15	3/31/16	912828C40	AA+	Aaa	AAA	50,000,000.00	0.3750	0.3207	50,007,812.50	(1,179.25)	8,196.72	50,006,633.25	50,008,789.00	2,155.75
<b>US TREASURY N/B / RBC</b>															
818311	12/16/15	9/30/16	912828RJ1	AA+	Aaa	AAA	25,000,000.00	1.0000	0.7214	25,054,687.50	(3,027.68)	10,928.96	25,051,659.82	25,053,222.75	1,562.93
<b>Subtotal for TREASURY BOND:</b>							<b>75,000,000.00</b>	<b>0.5833</b>	<b>0.4543</b>	<b>75,062,500.00</b>	<b>(4,206.93)</b>	<b>19,125.68</b>	<b>75,058,293.07</b>	<b>75,062,011.75</b>	<b>3,718.68</b>
<b>Subtotal for TREASURIES:</b>							<b>155,000,000.00</b>	<b>0.2823</b>	<b>0.2980</b>	<b>155,052,061.11</b>	<b>(4,206.93)</b>	<b>24,447.22</b>	<b>155,047,854.18</b>	<b>155,058,074.15</b>	<b>10,219.97</b>
<b>Total Educational Money Mkt Fnd :</b>							<b>1,925,027,858.38</b>	<b>0.1836</b>	<b>0.2926</b>	<b>1,925,586,936.80</b>	<b>(726,316.06)</b>	<b>1,050,047.05</b>	<b>1,925,001,657.50</b>	<b>1,925,021,215.70</b>	<b>19,558.20</b>
<b>Net Asset Value (NAV):</b>														<b>1.000010</b>	
<b><u>Extended Fund</u></b>															
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD</b>															
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
801807	9/10/15	9/10/18	89113EZG4	AA-	Aa1		50,000,000.00	1.7500	1.7500	50,000,000.00	0.00	274,652.78	50,000,000.00	49,564,588.50	(435,411.50)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
801808	9/10/15	9/10/18	89113EZG4	AA-	Aa1		21,000,000.00	1.7500	1.7500	21,000,000.00	0.00	115,354.17	21,000,000.00	20,817,127.17	(182,872.83)
<b>Subtotal for YANKEE CD:</b>							<b>71,000,000.00</b>	<b>1.7500</b>	<b>1.7500</b>	<b>71,000,000.00</b>	<b>0.00</b>	<b>390,006.95</b>	<b>71,000,000.00</b>	<b>70,381,715.67</b>	<b>(618,284.33)</b>
<b>YANKEE CD-30/360</b>															



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## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD-30/360</b>															
<b>ROYAL BANK OF CANADA NY / RBC</b>															
794626	7/30/15	7/30/18	78009NVR4	AA-	Aa3		38,000,000.00	1.6930	1.6930	38,000,000.00	0.00	269,845.39	38,000,000.00	37,810,000.00	(190,000.00)
<b>ROYAL BANK OF CANADA NY / RBC</b>															
794627	7/30/15	7/30/18	78009NVR4	AA-	Aa3		50,000,000.00	1.6930	1.6930	50,000,000.00	0.00	355,059.72	50,000,000.00	49,750,000.00	(250,000.00)
<b>Subtotal for YANKEE CD-30/360:</b>							<b>88,000,000.00</b>	<b>1.6930</b>	<b>1.6930</b>	<b>88,000,000.00</b>	<b>0.00</b>	<b>624,905.11</b>	<b>88,000,000.00</b>	<b>87,560,000.00</b>	<b>(440,000.00)</b>
<b>Subtotal for CERTIFICATES OF DEPOSIT:</b>							<b>159,000,000.00</b>	<b>1.7185</b>	<b>1.7185</b>	<b>159,000,000.00</b>	<b>0.00</b>	<b>1,014,912.06</b>	<b>159,000,000.00</b>	<b>157,941,715.67</b>	<b>(1,058,284.33)</b>
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FED HM LN BK BD / BNP PARIBAS</b>															
649011	4/17/13	3/11/16	313375RN9	AA+	Aaa	AAA	30,000,000.00	1.0000	0.4090	30,510,600.00	(476,364.37)	91,666.67	30,034,235.63	30,039,300.00	5,064.37
<b>FED HM LN BK BD / CANTOR FITZGERALD</b>															
645483	3/27/13	3/18/16	313382K85	AA+	Aaa	AAA	50,000,000.00	0.4500	0.4530	49,995,550.00	4,130.07	64,375.00	49,999,680.07	50,004,500.00	4,819.93
<b>FED HM LN BK BD / CASTLE OAK SECURITIES</b>															
672940	8/30/13	3/18/16	313382K85	AA+	Aaa	AAA	15,000,000.00	0.4500	0.7180	14,898,585.00	92,908.51	19,312.50	14,991,493.51	15,001,350.00	9,856.49
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
675626	9/16/13	3/30/16	3135G0VA8	AA+	Aaa	AAA	15,000,000.00	0.5000	0.7393	14,909,865.00	81,358.18	18,958.33	14,991,223.18	15,002,025.00	10,801.82
<b>FANNIE MAE / DAIWA CAPITAL MARKETS</b>															
707867	3/21/14	3/30/16	3135G0VA8	AA+	Aaa	AAA	10,000,000.00	0.5000	0.4927	10,001,470.00	(1,290.53)	12,638.89	10,000,179.47	10,001,350.00	1,170.53
<b>FREDDIE MAC / CRED SUIS SECURITIES</b>															
652290	5/3/13	5/13/16	3137EADQ9	AA+	Aaa	AAA	20,000,000.00	0.5000	0.3924	20,064,700.00	(56,864.77)	13,333.33	20,007,835.23	19,999,100.00	(8,735.23)
<b>FREDDIE MAC / JEFFERIES &amp; COMPANY</b>															
655818	5/23/13	5/13/16	3137EADQ9	AA+	Aaa	AAA	25,000,000.00	0.5000	0.4529	25,034,700.00	(30,419.25)	16,666.67	25,004,280.75	24,998,875.00	(5,405.75)
<b>FREDDIE MAC / CRED SUIS SECURITIES</b>															
656027	5/24/13	5/13/16	3137EADQ9	AA+	Aaa	AAA	25,000,000.00	0.5000	0.4628	25,027,375.00	(23,994.74)	16,666.67	25,003,380.26	24,998,875.00	(4,505.26)
<b>FED HM LN BK BD / BARCLAYS CAPITAL</b>															
653501	5/10/13	6/24/16	3133834R9	AA+	Aaa	AAA	15,000,000.00	0.3750	0.4321	14,973,450.00	22,463.57	1,093.75	14,995,913.57	14,988,900.00	(7,013.57)
<b>FED HM LN BK BD / MORGAN STANLEY</b>															
653744	5/13/13	6/24/16	3133834R9	AA+	Aaa	AAA	10,000,000.00	0.3750	0.4709	9,970,400.00	25,031.94	729.17	9,995,431.94	9,992,600.00	(2,831.94)
<b>FED HM LN BK BD / CRED SUIS SECURITIES</b>															
654002	5/14/13	6/24/16	3133834R9	AA+	Aaa	AAA	10,000,000.00	0.3750	0.4700	9,970,700.00	24,774.20	729.17	9,995,474.20	9,992,600.00	(2,874.20)
<b>FANNIE MAE / JP MORGAN CHASE &amp; CO</b>															
654742	5/17/13	7/5/16	3135G0XP3	AA+	Aaa	AAA	15,000,000.00	0.3750	0.4861	14,948,250.00	43,308.51	27,500.00	14,991,558.51	14,979,900.00	(11,658.51)
<b>FANNIE MAE / MORGAN STANLEY</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
654811	5/20/13	7/5/16	3135G0XP3	AA+	Aaa	AAA	15,000,000.00	0.3750	0.4686	14,956,500.00	36,385.33	27,500.00	14,992,885.33	14,979,900.00	(12,985.33)
<b>FED HM LN BK BD / MORGAN STANLEY</b>															
732659	8/7/14	9/28/16	3130A2T97	AA+	Aaa	AAA	15,000,000.00	0.5000	0.6059	14,966,250.00	22,062.26	19,375.00	14,988,312.26	14,972,400.00	(15,912.26)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
732660	8/7/14	9/28/16	3130A2T97	AA+	Aaa	AAA	15,000,000.00	0.5000	0.6059	14,966,250.00	22,062.26	19,375.00	14,988,312.26	14,972,400.00	(15,912.26)
<b>FED HM LN BK BD / CASTLE OAK SECURITIES</b>															
732661	8/7/14	9/28/16	3130A2T97	AA+	Aaa	AAA	20,000,000.00	0.5000	0.6059	19,955,000.00	29,416.34	25,833.33	19,984,416.34	19,963,200.00	(21,216.34)
<b>FED HM LN BK BD / BNP PARIBAS</b>															
740902	9/24/14	9/28/16	3130A2T97	AA+	Aaa	AAA	29,000,000.00	0.5000	0.6589	28,908,070.00	58,027.64	37,458.33	28,966,097.64	28,946,640.00	(19,457.64)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
741161	9/25/14	9/28/16	3130A2T97	AA+	Aaa	AAA	35,000,000.00	0.5000	0.6660	34,884,255.00	73,001.00	45,208.33	34,957,256.00	34,935,600.00	(21,656.00)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
741827	9/30/14	9/28/16	3130A2T97	AA+	Aaa	AAA	25,000,000.00	0.5000	0.6600	24,920,850.00	49,716.78	32,291.67	24,970,566.78	24,954,000.00	(16,566.78)
<b>FREDDIE MAC / JP MORGAN CHASE &amp; CO</b>															
670678	8/16/13	10/14/16	3137EAD55	AA+	Aaa	AAA	10,000,000.00	0.8750	0.9277	9,983,640.00	12,291.56	18,715.28	9,995,931.56	10,007,950.00	12,018.44
<b>FED HM LN BK BD / DEUTSCHE</b>															
749770	11/17/14	11/23/16	3130A3370	AA+	Aaa	AAA	15,000,000.00	0.6250	0.6450	14,994,000.00	3,338.84	9,895.83	14,997,338.84	14,977,875.00	(19,463.84)
<b>FED HM LN BK BD / TD SECURITIES</b>															
761386	1/23/15	11/23/16	3130A3370	AA+	Aaa	AAA	20,000,000.00	0.6250	0.5743	20,018,432.00	(9,439.42)	13,194.44	20,008,992.58	19,970,500.00	(38,492.58)
<b>FED HM LN BK BD / MORGAN STANLEY</b>															
762149	1/28/15	11/23/16	3130A3370	AA+	Aaa	AAA	50,000,000.00	0.6250	0.5785	50,042,000.00	(21,352.67)	32,986.11	50,020,647.33	49,926,250.00	(94,397.33)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
748335	11/6/14	12/9/16	313371PV2	AA+	Aaa	AAA	50,000,000.00	1.6250	0.6358	51,026,000.00	(565,458.17)	49,652.78	50,460,541.83	50,371,250.00	(89,291.83)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
753028	12/5/14	12/9/16	313371PV2	AA+	Aaa	AAA	20,000,000.00	1.6250	0.6504	20,388,800.00	(207,288.40)	19,861.11	20,181,511.60	20,148,500.00	(33,011.60)
<b>FANNIE MAE / MORGAN STANLEY</b>															
747530	11/3/14	12/15/16	31359M2D4	AA+	Aaa	AAA	50,000,000.00	4.8750	0.6363	54,448,500.00	(2,440,253.28)	108,333.33	52,008,246.72	51,877,500.00	(130,746.72)
<b>FANNIE MAE / MORGAN STANLEY</b>															
747539	11/3/14	1/30/17	3135G0GY3	AA+	Aaa	AAA	50,000,000.00	1.2500	0.7089	50,600,500.00	(311,039.65)	262,152.78	50,289,460.35	50,178,500.00	(110,960.35)
<b>FANNIE MAE / MORGAN STANLEY</b>															
756372	12/24/14	1/30/17	3135G0GY3	AA+	Aaa	AAA	22,000,000.00	1.2500	0.8216	22,195,800.00	(95,051.06)	115,347.22	22,100,748.94	22,078,540.00	(22,208.94)
<b>FANNIE MAE / MORGAN STANLEY</b>															
756788	12/29/14	1/30/17	3135G0GY3	AA+	Aaa	AAA	5,500,000.00	1.2500	0.7860	5,552,690.00	(25,397.84)	28,836.81	5,527,292.16	5,519,635.00	(7,657.16)

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FREDDIE MAC / MORGAN STANLEY</b>															
762150	1/28/15	2/22/17	3137EADT3	AA+	Aaa	AAA	25,000,000.00	0.8750	0.6510	25,114,750.00	(51,359.88)	78,385.42	25,063,390.12	24,988,875.00	(74,515.12)
<b>FREDDIE MAC / CRED SUIS SECURITIES</b>															
644965	3/25/13	3/8/17	3137EADC0	AA+	Aaa	AAA	25,000,000.00	1.0000	0.7027	25,289,250.00	(202,454.67)	78,472.22	25,086,795.33	25,021,125.00	(65,670.33)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
747529	11/3/14	3/8/17	3137EADC0	AA+	Aaa	AAA	50,000,000.00	1.0000	0.7686	50,268,500.00	(132,820.12)	156,944.44	50,135,679.88	50,042,250.00	(93,429.88)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
762148	1/28/15	3/8/17	3137EADC0	AA+	Aaa	AAA	50,000,000.00	1.0000	0.6636	50,352,000.00	(154,231.58)	156,944.44	50,197,768.42	50,042,250.00	(155,518.42)
<b>FANNIE MAE / MORGAN STANLEY</b>															
762139	1/28/15	4/20/17	3135G0ZB2	AA+	Aaa	AAA	50,000,000.00	0.7500	0.6756	50,082,000.00	(34,047.38)	73,958.33	50,047,952.62	49,873,250.00	(174,702.62)
<b>FANNIE MAE / DEUTSCHE</b>															
772424	3/27/15	4/27/17	3135G0JA2	AA+	Aaa	AAA	11,000,000.00	1.1250	0.6836	11,100,254.00	(36,626.13)	22,000.00	11,063,627.87	11,023,815.00	(39,812.87)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
763222	2/3/15	5/12/17	3137EADF3	AA+	Aaa	AAA	50,000,000.00	1.2500	0.6656	50,658,500.00	(263,721.61)	85,069.44	50,394,778.39	50,174,500.00	(220,278.39)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
764151	2/9/15	5/12/17	3137EADF3	AA+	Aaa	AAA	50,000,000.00	1.2500	0.7746	50,531,000.00	(210,309.96)	85,069.44	50,320,690.04	50,174,500.00	(146,190.04)
<b>FREDDIE MAC / BNP PARIBAS</b>															
644964	3/25/13	6/29/17	3137EADH9	AA+	Aaa	AAA	10,000,000.00	1.0000	0.7641	10,098,700.00	(64,084.22)	555.56	10,034,615.78	9,996,550.00	(38,065.78)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
764149	2/9/15	6/29/17	3137EADH9	AA+	Aaa	AAA	17,000,000.00	1.0000	0.8224	17,071,230.00	(26,669.84)	944.44	17,044,560.16	16,994,135.00	(50,425.16)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
773192	4/1/15	6/29/17	3137EADH9	AA+	Aaa	AAA	11,000,000.00	1.0000	0.6672	11,081,400.00	(27,200.50)	611.11	11,054,199.50	10,996,205.00	(57,994.50)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
763223	2/3/15	7/28/17	3137EADJ5	AA+	Aaa	AAA	41,500,000.00	1.0000	0.7033	41,802,950.00	(111,025.25)	176,375.00	41,691,924.75	41,474,477.50	(217,447.25)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
766011	2/20/15	7/28/17	3137EADJ5	AA+	Aaa	AAA	50,000,000.00	1.0000	0.8687	50,158,000.00	(55,965.83)	212,500.00	50,102,034.17	49,969,250.00	(132,784.17)
<b>FANNIE MAE / MORGAN STANLEY</b>															
764150	2/9/15	8/28/17	3135G0MZ3	AA+	Aaa	AAA	50,000,000.00	0.8750	0.8754	49,999,500.00	175.19	149,479.17	49,999,675.19	49,826,750.00	(172,925.19)
<b>FANNIE MAE / MORGAN STANLEY</b>															
766012	2/20/15	8/28/17	3135G0MZ3	AA+	Aaa	AAA	7,000,000.00	0.8750	0.8890	6,997,550.00	839.15	20,927.08	6,998,389.15	6,975,745.00	(22,644.15)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
804835	9/28/15	8/28/17	3133EFEU7	AA+	Aaa	AAA	50,000,000.00	0.7800	0.7953	49,985,500.00	1,954.35	100,750.00	49,987,454.35	50,116,000.00	128,545.65
<b>FED FARM CR BK / BNP PARIBAS</b>															

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
773855	4/6/15	9/25/17	3133EEQX1	AA+	Aaa	AAA	45,000,000.00	1.0000	0.7531	45,271,350.00	(80,886.11)	120,000.00	45,190,463.89	44,921,700.00	(268,763.89)
<b>FREDDIE MAC / TD SECURITIES</b>															
817637	12/11/15	12/15/17	3137EADX4	AA+	Aaa	AAA	49,000,000.00	1.0000	1.0519	48,949,530.00	1,394.20	27,222.22	48,950,924.20	48,887,300.00	(63,624.20)
<b>FREDDIE MAC / DAIWA CAPITAL MARKETS</b>															
782676	5/26/15	12/19/17	3134G6Z55	AA+	Aaa	AAA	50,000,000.00	0.9400	0.9400	50,000,000.00	0.00	15,666.67	50,000,000.00	49,754,000.00	(246,000.00)
<b>FREDDIE MAC / DAIWA CAPITAL MARKETS</b>															
782971	5/27/15	12/19/17	3134G6Z55	AA+	Aaa	AAA	50,000,000.00	0.9400	0.9353	50,006,000.00	(1,392.62)	15,666.67	50,004,607.38	49,754,000.00	(250,607.38)
<b>FED HM LN BK BD / TD SECURITIES</b>															
814438	11/20/15	12/19/17	3130A6SW8	AA+	Aaa	AAA	30,000,000.00	1.0000	1.0001	30,000,000.00	0.00	10,000.00	30,000,000.00	29,927,700.00	(72,300.00)
<b>FED HM LN BK BD / TD SECURITIES</b>															
814439	11/20/15	12/19/17	3130A6SW8	AA+	Aaa	AAA	50,000,000.00	1.0000	1.0001	50,000,000.00	0.00	16,666.67	50,000,000.00	49,879,500.00	(120,500.00)
<b>FED HM LN BK BD / BARCLAYS CAPITAL</b>															
814440	11/20/15	12/19/17	3130A6SW8	AA+	Aaa	AAA	10,000,000.00	1.0000	0.9821	10,003,700.00	(202.54)	3,333.33	10,003,497.46	9,975,900.00	(27,597.46)
<b>FANNIE MAE / MORGAN STANLEY</b>															
782268	5/22/15	12/20/17	3135G0RT2	AA+	Aaa	AAA	50,000,000.00	0.8750	0.8982	49,970,500.00	6,961.75	13,368.06	49,977,461.75	49,768,000.00	(209,461.75)
<b>FREDDIE MAC / DAIWA CAPITAL MARKETS</b>															
814435	11/20/15	1/12/18	3137EADN6	AA+	Aaa	AAA	20,000,000.00	0.7500	0.9804	19,902,400.00	5,183.42	17,083.34	19,907,583.42	19,840,700.00	(66,883.42)
<b>FREDDIE MAC / BNP PARIBAS</b>															
814436	11/20/15	1/12/18	3137EADN6	AA+	Aaa	AAA	19,000,000.00	0.7500	0.9904	18,903,290.00	5,136.15	16,229.16	18,908,426.15	18,848,665.00	(59,761.15)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
817902	12/14/15	3/14/18	3133EFGS3	AA+	Aaa	AAA	24,600,000.00	1.1000	1.1002	24,600,000.00	0.00	12,778.33	24,600,000.00	24,542,682.00	(57,318.00)
<b>FED HM LN BK BD / CITIGROUP GLOBAL MARKETS</b>															
804836	9/28/15	4/25/18	3130A4GJ5	AA+	Aaa	AAA	18,450,000.00	1.1250	0.9299	18,541,327.50	(9,162.31)	38,053.13	18,532,165.19	18,408,672.00	(123,493.19)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
790495	7/8/15	6/1/18	3133EEP95	AA+	Aaa	AAA	19,000,000.00	1.1000	1.0093	19,049,020.00	(8,130.83)	17,416.67	19,040,889.17	18,909,940.00	(130,949.17)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
803285	9/18/15	6/1/18	3133EEP95	AA+	Aaa	AAA	20,000,000.00	1.1000	1.1058	19,996,840.00	334.51	18,333.33	19,997,174.51	19,905,200.00	(91,974.51)
<b>FED HM LN BK BD / CASTLE OAK SECURITIES</b>															
781217	5/15/15	6/8/18	313379DT3	AA+	Aaa	AAA	6,750,000.00	1.2500	1.0800	6,784,472.25	(7,063.22)	5,390.63	6,777,409.03	6,748,413.75	(28,995.28)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
789023	6/30/15	6/8/18	313379DT3	AA+	Aaa	AAA	21,000,000.00	1.2500	1.0880	21,098,070.00	(16,777.57)	16,770.83	21,081,292.43	20,995,065.00	(86,227.43)
<b>FREDDIE MAC / CITIGROUP GLOBAL MARKETS</b>															
804841	9/28/15	6/13/18	3137EABP3	AA+	Aaa	AAA	32,000,000.00	4.8750	1.0023	35,302,560.00	(315,013.42)	78,000.00	34,987,546.58	34,766,880.00	(220,666.58)

**ORANGE COUNTY TREASURER-TAX COLLECTOR**  
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**Extended Fund, County and Educational Money Market Funds**  
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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FED FARM CR BK / RBC</b>															
789024	6/30/15	6/25/18	3133EE2F6	AA+	Aaa	AAA	36,000,000.00	1.2200	1.0930	36,133,920.00	(22,548.39)	7,320.00	36,111,371.61	35,998,560.00	(112,811.61)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
803286	9/18/15	6/25/18	3133EE2F6	AA+	Aaa	AAA	4,800,000.00	1.2200	1.1003	4,815,609.60	(1,612.63)	976.00	4,813,996.97	4,799,808.00	(14,188.97)
<b>FED FARM CR BK / BNP PARIBAS</b>															
797579	8/17/15	8/6/18	3133EE6G0	AA+	Aaa	AAA	11,000,000.00	1.1500	1.1799	10,990,430.00	1,199.61	47,086.11	10,991,629.61	11,052,250.00	60,620.39
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
797836	8/18/15	8/14/18	3130A6AL1	AA+	Aaa	AAA	23,500,000.00	1.1500	1.1561	23,495,770.00	522.85	99,842.36	23,496,292.85	23,339,730.00	(156,562.85)
<b>FED HM LN BK BD / DEUTSCHE</b>															
803288	9/18/15	9/14/18	3130A6AE7	AA+	Aaa	AAA	6,500,000.00	1.1250	1.2180	6,482,255.00	1,698.64	20,921.88	6,483,953.64	6,463,405.00	(20,548.64)
<b>FED HM LN BK BD / DEUTSCHE</b>															
803289	9/18/15	9/14/18	3130A6AE7	AA+	Aaa	AAA	19,000,000.00	1.1250	1.2044	18,955,730.00	4,237.74	61,156.25	18,959,967.74	18,893,030.00	(66,937.74)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
800396	9/1/15	10/19/18	3135G0E58	AA+	Aaa	AAA	25,000,000.00	1.1250	1.1779	24,959,500.00	4,308.51	56,250.00	24,963,808.51	24,853,375.00	(110,433.51)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
800397	9/1/15	10/19/18	3135G0E58	AA+	Aaa	AAA	50,000,000.00	1.1250	1.1779	49,919,000.00	8,617.02	112,500.00	49,927,617.02	49,706,750.00	(220,867.02)
<b>FANNIE MAE / DAIWA CAPITAL MARKETS</b>															
801102	9/4/15	10/19/18	3135G0E58	AA+	Aaa	AAA	10,000,000.00	1.1250	1.1471	9,993,270.00	699.92	22,500.00	9,993,969.92	9,941,350.00	(52,619.92)
<b>FANNIE MAE / DEUTSCHE</b>															
801103	9/4/15	10/19/18	3135G0E58	AA+	Aaa	AAA	10,500,000.00	1.1250	1.1473	10,492,860.00	742.56	23,625.00	10,493,602.56	10,438,417.50	(55,185.06)
<b>FANNIE MAE / DEUTSCHE</b>															
811288	11/3/15	12/14/18	3135G0G72	AA+	Aaa	AAA	50,000,000.00	1.1250	1.1740	49,925,500.00	3,854.59	26,562.50	49,929,354.59	49,623,000.00	(306,354.59)
<b>Subtotal for GOVT AGENCY-FIX-30/360:</b>							<b>1,995,100,000.00</b>	<b>1.0883</b>	<b>0.8030</b>	<b>2,008,247,170.35</b>	<b>(5,449,383.61)</b>	<b>3,469,392.73</b>	<b>2,002,797,786.74</b>	<b>1,997,413,685.75</b>	<b>(5,384,100.99)</b>
<b>GOV'T AGY - CALLABLE</b>															
<b>FANNIE MAE / RBC</b>															
633778	1/17/13	9/20/17	3135G0PP2	AA+	Aaa	AAA	50,000,000.00	1.0000	0.9441	50,127,500.00	(127,500.00)	140,277.78	50,000,000.00	49,932,500.00	(67,500.00)
<b>FANNIE MAE / RBC</b>															
637076	2/6/13	9/20/17	3135G0PP2	AA+	Aaa	AAA	22,597,000.00	1.0000	1.0133	22,583,441.80	13,558.20	63,397.14	22,597,000.00	22,566,494.05	(30,505.95)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
744808	10/17/14	10/17/17	3135G0ZV8	AA+	Aaa	AAA	50,000,000.00	2.0000	1.0662	51,375,000.00	(828,819.44)	205,555.56	50,546,180.56	50,464,000.00	(82,180.56)
<b>FANNIE MAE / DAIWA CAPITAL MARKETS</b>															
748336	11/6/14	11/7/17	3136G27J0	AA+	Aaa	AAA	50,000,000.00	1.5000	1.0227	50,704,000.00	(405,214.98)	112,500.00	50,298,785.02	49,987,500.00	(311,285.02)
<b>FANNIE MAE / JEFFERIES &amp; COMPANY</b>															

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOV'T AGY - CALLABLE</b>															
748337	11/6/14	11/7/17	3136G27K7	AA+	Aaa	AAA	50,000,000.00	1.5000	1.0321	50,690,000.00	(397,156.73)	112,500.00	50,292,843.27	49,992,500.00	(300,343.27)
<b>FANNIE MAE / RBC</b>															
749261	11/13/14	11/14/17	3136G27L5	AA+	Aaa	AAA	50,000,000.00	1.5000	1.0529	50,659,000.00	(372,915.40)	97,916.67	50,286,084.60	50,107,500.00	(178,584.60)
<b>FANNIE MAE / JEFFERIES &amp; COMPANY</b>															
751138	11/24/14	11/24/17	3136G2AU1	AA+	Aaa	AAA	30,000,000.00	1.7500	1.2374	30,451,500.00	(331,936.11)	53,958.33	30,119,563.89	30,153,000.00	33,436.11
<b>FED HM LN BK BD / JEFFERIES &amp; COMPANY</b>															
755886	12/22/14	12/20/18	3130A3QB3	AA+	Aaa	AAA	50,000,000.00	2.0000	1.6365	50,700,000.00	(700,000.00)	30,555.56	50,000,000.00	50,133,500.00	133,500.00
<b>Subtotal for GOV'T AGY - CALLABLE:</b>							<b>352,597,000.00</b>	<b>1.5601</b>	<b>1.1280</b>	<b>357,290,441.80</b>	<b>(3,149,984.46)</b>	<b>816,661.04</b>	<b>354,140,457.34</b>	<b>353,336,994.05</b>	<b>(803,463.29)</b>
<b>GOV'T AGY - STEP UP</b>															
<b>FED HM LN BK BD / JEFFERIES &amp; COMPANY</b>															
777698	4/27/15	4/27/18	3130A4YB2	AA+	Aaa	AAA	50,000,000.00	0.9000	0.9000	50,000,000.00	0.00	80,000.00	50,000,000.00	49,790,500.00	(209,500.00)
<b>FREDDIE MAC / UBS FINANCIAL SERVICES</b>															
778770	5/1/15	5/1/18	3134G6UM3	AA+	Aaa	AAA	50,000,000.00	0.8750	0.8750	50,000,000.00	0.00	72,916.67	50,000,000.00	49,766,500.00	(233,500.00)
<b>FREDDIE MAC / DAIWA CAPITAL MARKETS</b>															
778771	5/1/15	5/1/18	3134G6UM3	AA+	Aaa	AAA	50,000,000.00	0.8750	0.8750	50,000,000.00	0.00	72,916.67	50,000,000.00	49,766,500.00	(233,500.00)
<b>FREDDIE MAC / DEUTSCHE</b>															
787533	6/22/15	6/22/18	3134G63P6	AA+	Aaa	AAA	50,000,000.00	1.0800	1.0800	50,000,000.00	0.00	13,500.00	50,000,000.00	49,893,500.00	(106,500.00)
<b>Subtotal for GOV'T AGY - STEP UP:</b>							<b>200,000,000.00</b>	<b>0.9325</b>	<b>0.9325</b>	<b>200,000,000.00</b>	<b>0.00</b>	<b>239,333.34</b>	<b>200,000,000.00</b>	<b>199,217,000.00</b>	<b>(783,000.00)</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>2,547,697,000.00</b>	<b>1.1414</b>	<b>0.8581</b>	<b>2,565,537,612.15</b>	<b>(8,599,368.07)</b>	<b>4,525,387.11</b>	<b>2,556,938,244.08</b>	<b>2,549,967,679.80</b>	<b>(6,970,564.28)</b>
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
647978	4/11/13	4/11/16	931142DE0	AA	Aa2	AA	7,000,000.00	0.6000	0.6239	6,995,030.00	4,509.81	9,333.33	6,999,539.81	7,000,490.00	950.19
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
751139	11/24/14	4/11/16	931142DE0	AA	Aa2	AA	2,500,000.00	0.6000	0.5293	2,502,425.00	(1,937.07)	3,333.33	2,500,487.93	2,500,175.00	(312.93)
<b>APPLE INC. / DAIWA CAPITAL MARKETS</b>															
719591	5/27/14	5/3/16	037833AH3	AA+	Aa1		7,000,000.00	0.4500	0.4534	6,999,545.00	375.24	5,075.00	6,999,920.24	6,996,570.00	(3,350.24)
<b>JOHNSON &amp; JOHNSON / UBS FINANCIAL SERVICES</b>															
647696	4/9/13	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.5218	10,500,000.00	(439,964.16)	27,472.22	10,060,035.84	10,058,400.00	(1,635.84)
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															
652282	5/3/13	5/15/16	478160AY0	AAA	Aaa	AAA	16,600,000.00	2.1500	0.4861	17,430,664.00	(728,732.70)	45,603.89	16,701,931.30	16,696,944.00	(4,987.30)
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
653503	5/10/13	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.5204	10,486,680.00	(426,573.90)	27,472.22	10,060,106.10	10,058,400.00	(1,706.10)
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															
654001	5/14/13	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.5212	10,484,670.00	(424,590.65)	27,472.22	10,060,079.35	10,058,400.00	(1,679.35)
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															
654750	5/17/13	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.5665	10,469,500.00	(411,139.15)	27,472.22	10,058,360.85	10,058,400.00	39.15
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															
655819	5/23/13	5/15/16	478160AY0	AAA	Aaa	AAA	2,497,000.00	2.1500	0.5725	2,613,135.47	(101,618.54)	6,859.81	2,511,516.93	2,511,582.48	65.55
<b>JOHNSON &amp; JOHNSON / BNP PARIBAS</b>															
657328	6/3/13	5/15/16	478160AY0	AAA	Aaa	AAA	10,000,000.00	2.1500	0.6532	10,436,600.00	(381,511.11)	27,472.22	10,055,088.89	10,058,400.00	3,311.11
<b>CHEVRON CORP / BARCLAYS CAPITAL</b>															
660960	6/24/13	6/24/16	166764AC4	AA	Aa1		5,000,000.00	0.8890	0.8890	5,000,000.00	0.00	864.31	5,000,000.00	5,011,450.00	11,450.00
<b>CHEVRON CORP / RBC</b>															
661236	6/25/13	6/24/16	166764AC4	AA	Aa1		5,000,000.00	0.8890	0.8318	5,008,450.00	(7,095.18)	864.31	5,001,354.82	5,011,450.00	10,095.18
<b>BERKSHIRE HATHAWAY INC / MORGAN STANLEY</b>															
758785	1/8/15	1/31/17	084670BD9	AA	Aa2	A+	20,000,000.00	1.9000	1.0793	20,333,000.00	(158,421.83)	159,388.89	20,174,578.17	20,201,000.00	26,421.83
<b>APPLE INC. / MORGAN STANLEY</b>															
781653	5/19/15	5/5/17	037833AM2	AA+	Aa1		3,000,000.00	1.0500	0.7622	3,016,770.00	(5,273.29)	4,812.50	3,011,496.71	3,002,340.00	(9,156.71)
<b>BERKSHIRE HATHAWAY INC / JEFFERIES &amp; COMPANY</b>															
753256	12/8/14	5/15/17	084664BS9	AA	Aa2	A+	10,554,000.00	1.6000	1.0639	10,689,682.22	(59,254.61)	21,577.07	10,630,427.61	10,662,706.20	32,278.59
<b>BERKSHIRE HATHAWAY INC / MORGAN STANLEY</b>															
762664	1/30/15	5/15/17	084664BS9	AA	Aa2	A+	3,597,000.00	1.6000	0.8999	3,653,976.48	(22,859.65)	7,353.87	3,631,116.83	3,634,049.10	2,932.27
<b>JOHNSON &amp; JOHNSON / BARCLAYS CAPITAL</b>															
783482	5/29/15	8/15/17	478160AQ7	AAA	Aaa	AAA	14,510,000.00	5.5500	0.9280	15,974,204.10	(389,963.91)	304,226.33	15,584,240.19	15,564,151.50	(20,088.69)
<b>CHEVRON CORP / MORGAN STANLEY</b>															
775433	4/14/15	11/15/17	166764AL4	AA	Aa1		5,000,000.00	1.3450	1.0021	5,043,650.00	(12,049.46)	8,593.06	5,031,600.54	5,023,850.00	(7,750.54)
<b>JOHNSON &amp; JOHNSON / JP MORGAN CHASE &amp; CO</b>															
789021	6/30/15	11/21/17	478160BL7	AAA	Aaa	AAA	10,981,000.00	1.1250	1.0828	10,991,871.19	(2,285.35)	13,726.25	10,989,585.84	11,001,534.47	11,948.63
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
764155	2/9/15	2/15/18	931142CJ0	AA	Aa2	AA	4,173,000.00	5.8000	1.1409	4,747,914.21	(170,462.59)	91,435.07	4,577,451.62	4,557,792.33	(19,659.29)
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
764156	2/9/15	2/15/18	931142CJ0	AA	Aa2	AA	7,069,000.00	5.8000	1.1249	8,046,501.32	(289,830.04)	154,889.64	7,756,671.28	7,720,832.49	(35,838.79)
<b>WAL-MART STORES INC / RBC</b>															
781913	5/20/15	2/15/18	931142CJ0	AA	Aa2	AA	25,000,000.00	5.8000	1.0502	28,194,000.00	(716,623.35)	547,777.78	27,477,376.65	27,305,250.00	(172,126.65)

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
<b>CHEVRON CORP / BARCLAYS CAPITAL</b>															
767869	3/3/15	3/2/18	166764AV2	AA	Aa1		30,000,000.00	1.3650	1.3650	30,000,000.00	0.00	135,362.50	30,000,000.00	29,906,100.00	(93,900.00)
<b>CHEVRON CORP / RBC</b>															
779245	5/5/15	3/2/18	166764AV2	AA	Aa1		7,000,000.00	1.3650	1.1919	7,033,530.00	(7,780.81)	31,584.58	7,025,749.19	6,978,090.00	(47,659.19)
<b>CHEVRON CORP / RBC</b>															
780466	5/12/15	3/2/18	166764AV2	AA	Aa1		14,000,000.00	1.3650	1.2629	14,039,200.00	(8,887.92)	63,169.17	14,030,312.08	13,956,180.00	(74,132.08)
<b>CHEVRON CORP / CASTLE OAK SECURITIES</b>															
794629	7/30/15	3/2/18	166764AV2	AA	Aa1		1,605,000.00	1.3650	1.4000	1,603,569.95	231.69	7,241.90	1,603,801.64	1,599,976.35	(3,825.29)
<b>CHEVRON CORP / BANK OF AMERICA</b>															
797837	8/18/15	3/2/18	166764AV2	AA	Aa1		10,000,000.00	1.3650	1.5185	9,961,900.00	5,544.09	45,120.83	9,967,444.09	9,968,700.00	1,255.91
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
764929	2/13/15	4/11/18	931142DF7	AA	Aa2	AA	3,104,000.00	1.1250	1.2449	3,092,484.16	3,217.96	7,760.00	3,095,702.12	3,088,759.36	(6,942.76)
<b>APPLE INC. / MORGAN STANLEY</b>															
783479	5/29/15	5/3/18	037833AJ9	AA+	Aa1		13,000,000.00	1.0000	1.2600	12,903,118.16	19,486.67	20,944.44	12,922,604.83	12,886,900.00	(35,704.83)
<b>APPLE INC. / MORGAN STANLEY</b>															
783480	5/29/15	5/3/18	037833AJ9	AA+	Aa1		25,000,000.00	1.0000	1.2561	24,816,500.00	36,908.92	40,277.78	24,853,408.92	24,782,500.00	(70,908.92)
<b>APPLE INC. / DAIWA CAPITAL MARKETS</b>															
792446	7/20/15	5/3/18	037833AJ9	AA+	Aa1		10,000,000.00	1.0000	1.3879	9,894,300.00	16,966.80	16,111.11	9,911,266.80	9,913,000.00	1,733.20
<b>APPLE INC. / JEFFERIES &amp; COMPANY</b>															
797118	8/13/15	5/3/18	037833AJ9	AA+	Aa1		10,000,000.00	1.0000	1.4609	9,877,400.00	17,264.08	16,111.11	9,894,664.08	9,913,000.00	18,335.92
<b>APPLE INC. / DAIWA CAPITAL MARKETS</b>															
797355	8/14/15	5/3/18	037833AJ9	AA+	Aa1		10,000,000.00	1.0000	1.3992	9,893,800.00	14,861.49	16,111.11	9,908,661.49	9,913,000.00	4,338.51
<b>APPLE INC. / MORGAN STANLEY</b>															
797356	8/14/15	5/3/18	037833AJ9	AA+	Aa1		9,000,000.00	1.0000	1.4102	8,901,810.00	13,740.58	14,500.00	8,915,550.58	8,921,700.00	6,149.42
<b>BERKSHIRE HATHAWAY INC / MORGAN STANLEY</b>															
774634	4/9/15	5/15/18	084664BE0	AA	Aa2	A+	25,001,000.00	5.4000	1.1030	28,265,880.59	(766,486.30)	172,506.90	27,499,394.29	27,188,587.50	(310,806.79)
<b>BERKSHIRE HATHAWAY INC / MORGAN STANLEY</b>															
792448	7/20/15	5/15/18	084664BW0	AA	Aa2	A+	17,000,000.00	1.3000	1.3510	16,976,030.00	3,802.14	28,238.89	16,979,832.14	16,935,230.00	(44,602.14)
<b>BERKSHIRE HATHAWAY INC / MORGAN STANLEY</b>															
783478	5/29/15	8/15/18	084664BY6	AA	Aa2	A+	25,000,000.00	2.0000	1.3311	25,523,750.00	(96,051.04)	188,888.89	25,427,698.96	25,326,750.00	(100,948.96)
<b>MICROSOFT CORP / JP MORGAN CHASE &amp; CO</b>															
811289	11/3/15	11/3/18	594918BF0	AAA	Aaa	AA+	35,000,000.00	1.3000	1.3341	34,965,000.00	1,879.63	73,305.56	34,966,879.63	34,983,900.00	17,020.37
<b>CHEVRON CORP / MORGAN STANLEY</b>															



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## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
813559	11/17/15	11/16/18	166764BA7	AA	Aa1		25,000,000.00	1.7900	1.7900	25,000,000.00	0.00	54,694.44	25,000,000.00	24,766,250.00	(233,750.00)
<b>JOHNSON &amp; JOHNSON / MORGAN STANLEY</b>															
783481	5/29/15	12/5/18	478160BG8	AAA	Aaa	AAA	25,000,000.00	1.6500	1.2711	25,324,750.00	(54,381.52)	29,791.67	25,270,368.48	25,233,000.00	(37,368.48)
<b>JOHNSON &amp; JOHNSON / JEFFERIES &amp; COMPANY</b>															
796887	8/12/15	12/5/18	478160BG8	AAA	Aaa	AAA	8,405,000.00	1.6500	1.4096	8,470,138.75	(7,589.51)	10,015.96	8,462,549.24	8,483,334.60	20,785.36
<b>MICROSOFT CORP / DAIWA CAPITAL MARKETS</b>															
797116	8/13/15	12/6/18	594918AV6	AAA	Aaa	AA+	10,000,000.00	1.6250	1.4880	10,044,060.00	(5,096.63)	11,284.72	10,038,963.37	10,081,200.00	42,236.63
<b>MICROSOFT CORP / JEFFERIES &amp; COMPANY</b>															
797117	8/13/15	12/6/18	594918AV6	AAA	Aaa	AA+	10,000,000.00	1.6250	1.4734	10,048,780.00	(5,642.62)	11,284.72	10,043,137.38	10,081,200.00	38,062.62
<b>MICROSOFT CORP / DAIWA CAPITAL MARKETS</b>															
797357	8/14/15	12/6/18	594918AV6	AAA	Aaa	AA+	10,000,000.00	1.6250	1.4596	10,053,200.00	(6,114.43)	11,284.72	10,047,085.57	10,081,200.00	34,114.43
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
764157	2/9/15	12/15/18	931142DJ9	AA	Aa2	AA	9,675,000.00	1.9500	1.2491	9,929,065.50	(59,025.32)	8,385.00	9,870,040.18	9,821,673.00	(48,367.18)
<b>Subtotal for MEDIUM TERM NOTE:</b>							<b>542,271,000.00</b>	<b>2.0763</b>	<b>1.1597</b>	<b>556,236,536.10</b>	<b>(5,628,453.54)</b>	<b>2,537,051.54</b>	<b>550,608,082.56</b>	<b>549,504,398.38</b>	<b>(1,103,684.18)</b>
<b>MEDIUM TERM NOTE-CALLABLE</b>															
<b>CHEVRON CORP / MORGAN STANLEY</b>															
750824	11/21/14	12/5/17	166764AA8	AA	Aa1		25,000,000.00	1.1040	1.3381	24,826,250.00	65,319.55	19,933.33	24,891,569.55	24,872,750.00	(18,819.55)
<b>CHEVRON CORP / MORGAN STANLEY</b>															
766007	2/20/15	6/24/18	166764AE0	AA	Aa1		9,932,000.00	1.7180	1.4788	10,009,171.64	(20,443.25)	3,317.84	9,988,728.39	9,865,753.56	(122,974.83)
<b>CHEVRON CORP / MORGAN STANLEY</b>															
767062	2/26/15	6/24/18	166764AE0	AA	Aa1		9,396,000.00	1.7180	1.3950	9,494,282.16	(25,664.43)	3,138.79	9,468,617.73	9,333,328.68	(135,289.05)
<b>CHEVRON CORP / MORGAN STANLEY</b>															
771341	3/23/15	6/24/18	166764AE0	AA	Aa1		6,939,000.00	1.7180	1.4917	6,988,613.85	(12,088.21)	2,318.01	6,976,525.64	6,892,716.87	(83,808.77)
<b>Subtotal for MEDIUM TERM NOTE-CALLABLE:</b>							<b>51,267,000.00</b>	<b>1.4186</b>	<b>1.3966</b>	<b>51,318,317.65</b>	<b>7,123.66</b>	<b>28,707.97</b>	<b>51,325,441.31</b>	<b>50,964,549.11</b>	<b>(360,892.20)</b>
<b>Subtotal for MEDIUM TERM NOTES:</b>							<b>593,538,000.00</b>	<b>2.0195</b>	<b>1.1802</b>	<b>607,554,853.75</b>	<b>(5,621,329.88)</b>	<b>2,565,759.51</b>	<b>601,933,523.87</b>	<b>600,468,947.49</b>	<b>(1,464,576.38)</b>
<b>MUNICIPAL DEBT</b>															
<b>ORANGE COUNTY POB 2015A</b>															
<b>COUNTY OF ORANGE / JP MORGAN CHASE &amp; CO</b>															
759548	1/13/15	6/30/16	68428LDK7	AA		AA	25,000,000.00	0.8000	0.8030	25,000,000.00	0.00	82,222.22	25,000,000.00	25,025,500.00	25,500.00
<b>Subtotal for ORANGE COUNTY POB 2015A:</b>							<b>25,000,000.00</b>	<b>0.8000</b>	<b>0.8030</b>	<b>25,000,000.00</b>	<b>0.00</b>	<b>82,222.22</b>	<b>25,000,000.00</b>	<b>25,025,500.00</b>	<b>25,500.00</b>
<b>Subtotal for MUNICIPAL DEBT:</b>							<b>25,000,000.00</b>	<b>0.8000</b>	<b>0.8030</b>	<b>25,000,000.00</b>	<b>0.00</b>	<b>82,222.22</b>	<b>25,000,000.00</b>	<b>25,025,500.00</b>	<b>25,500.00</b>

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>TREASURIES</b>															
<b>TREASURY BOND</b>															
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
719342	5/23/14	1/15/16	912828UG3	AA+	Aaa	AAA	49,000,000.00	0.3750	0.2394	49,109,101.56	(106,564.31)	84,884.51	49,002,537.25	49,001,913.94	(623.31)
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
719588	5/27/14	1/31/16	912828B41	AA+	Aaa	AAA	46,000,000.00	0.3750	0.2607	46,088,046.88	(83,744.92)	72,187.50	46,004,301.96	46,005,390.74	1,088.78
<b>US TREASURY N/B / TDSI</b>															
709198	3/28/14	2/29/16	912828B82	AA+	Aaa	AAA	40,000,000.00	0.2500	0.4112	39,876,562.50	113,077.88	33,791.21	39,989,640.38	40,003,125.20	13,484.82
<b>US TREASURY N/B / BANK OF AMERICA</b>															
710978	4/8/14	2/29/16	912828B82	AA+	Aaa	AAA	40,000,000.00	0.2500	0.3618	39,915,625.00	77,181.18	33,791.21	39,992,806.18	40,003,125.20	10,319.02
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
707633	3/20/14	3/15/16	912828US7	AA+	Aaa	AAA	25,000,000.00	0.3750	0.4462	24,964,843.75	31,572.83	27,815.93	24,996,416.58	25,009,765.75	13,349.17
<b>US TREASURY N/B / CITIGROUP GLOBAL MARKETS</b>															
710977	4/8/14	3/31/16	912828C40	AA+	Aaa	AAA	42,400,000.00	0.3750	0.3988	42,380,125.00	17,400.93	40,621.22	42,397,525.93	42,407,453.07	9,927.14
<b>US TREASURY N/B / DEUTSCHE</b>															
713551	4/22/14	3/31/16	912828C40	AA+	Aaa	AAA	50,000,000.00	0.3750	0.3892	49,986,328.13	11,936.37	47,902.37	49,998,264.50	50,008,789.00	10,524.50
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
708938	3/27/14	4/15/16	912828UW8	AA+	Aaa	AAA	22,300,000.00	0.2500	0.4760	22,197,210.94	88,398.59	11,881.15	22,285,609.53	22,296,951.14	11,341.61
<b>US TREASURY N/B / DEUTSCHE</b>															
710967	4/8/14	4/15/16	912828UW8	AA+	Aaa	AAA	25,000,000.00	0.2500	0.4231	24,913,085.94	74,548.24	13,319.67	24,987,634.18	24,996,582.00	8,947.82
<b>US TREASURY N/B / MORGAN STANLEY</b>															
710968	4/8/14	4/15/16	912828UW8	AA+	Aaa	AAA	25,000,000.00	0.2500	0.4211	24,914,062.50	73,710.62	13,319.67	24,987,773.12	24,996,582.00	8,808.88
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
710976	4/8/14	4/15/16	912828UW8	AA+	Aaa	AAA	50,000,000.00	0.2500	0.4211	49,828,125.00	147,421.24	26,639.34	49,975,546.24	49,993,164.00	17,617.76
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
715852	5/5/14	4/30/16	912828C81	AA+	Aaa	AAA	25,000,000.00	0.3750	0.4462	24,964,843.75	29,345.30	15,968.41	24,994,189.05	24,998,047.00	3,857.95
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
713545	4/22/14	5/15/16	912828VC1	AA+	Aaa	AAA	50,000,000.00	0.2500	0.4594	49,785,156.25	176,377.03	16,140.11	49,961,533.28	49,970,703.00	9,169.72
<b>US TREASURY N/B / DEUTSCHE</b>															
713546	4/22/14	5/15/16	912828VC1	AA+	Aaa	AAA	24,750,000.00	0.2500	0.4575	24,644,619.14	86,512.93	7,989.35	24,731,132.07	24,735,497.99	4,365.92
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
721737	6/6/14	5/31/16	912828WM8	AA+	Aaa	AAA	14,000,000.00	0.3750	0.3987	13,993,437.50	5,195.69	4,615.11	13,998,633.19	13,996,718.82	(1,914.37)
<b>US TREASURY N/B / JEFFERIES &amp; COMPANY</b>															
693754	12/31/13	6/30/16	912828QR4	AA+	Aaa	AAA	27,500,000.00	1.5000	0.5521	28,145,605.47	(517,475.44)	2,254.10	27,628,130.03	27,629,980.40	1,850.37
<b>US TREASURY N/B / CITIGROUP GLOBAL MARKETS</b>															

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument

### Extended Fund, County and Educational Money Market Funds

As of 31-Dec-2015

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\* Market values provided by Bloomberg & Northern Trust

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>TREASURIES</b>															
<b>TREASURY BOND</b>															
692230	12/20/13	7/15/16	912828VL1	AA+	Aaa	AAA	50,000,000.00	0.6250	0.5453	50,101,562.50	(80,340.49)	144,361.41	50,021,222.01	50,013,672.00	(7,550.01)
<b>US TREASURY N/B / RBC</b>															
726606	7/3/14	7/15/16	912828VL1	AA+	Aaa	AAA	25,000,000.00	0.6250	0.5012	25,062,500.00	(46,012.79)	72,180.71	25,016,487.21	25,006,836.00	(9,651.21)
<b>US TREASURY N/B / DEUTSCHE</b>															
726850	7/7/14	7/15/16	912828VL1	AA+	Aaa	AAA	25,000,000.00	0.6250	0.5414	25,041,992.19	(30,854.88)	72,180.71	25,011,137.31	25,006,836.00	(4,301.31)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
731339	7/31/14	7/31/16	912828WX4	AA+	Aaa	AAA	25,000,000.00	0.5000	0.5649	24,967,773.44	22,880.42	52,309.78	24,990,653.86	24,985,351.50	(5,302.36)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
697666	1/23/14	8/31/16	912828RF9	AA+	Aaa	AAA	20,000,000.00	1.0000	0.5657	20,168,750.00	(125,630.91)	67,955.80	20,043,119.09	20,042,187.60	(931.49)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
735404	8/22/14	8/31/16	912828RF9	AA+	Aaa	AAA	50,000,000.00	1.0000	0.5377	50,464,750.00	(312,136.15)	168,956.04	50,152,613.85	50,105,469.00	(47,144.85)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
702988	2/24/14	9/30/16	912828RJ1	AA+	Aaa	AAA	25,000,000.00	1.0000	0.5719	25,275,390.63	(196,168.67)	63,524.59	25,079,221.96	25,053,222.75	(25,999.21)
<b>US TREASURY N/B / JEFFERIES &amp; COMPANY</b>															
705123	3/6/14	9/30/16	912828RJ1	AA+	Aaa	AAA	50,000,000.00	1.0000	0.5430	50,582,031.25	(412,814.50)	127,049.18	50,169,216.75	50,106,445.50	(62,771.25)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
705392	3/7/14	9/30/16	912828RJ1	AA+	Aaa	AAA	50,000,000.00	1.0000	0.5685	50,548,828.13	(389,094.57)	127,049.18	50,159,733.56	50,106,445.50	(53,288.06)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
700770	2/10/14	10/31/16	912828RM4	AA+	Aaa	AAA	25,000,000.00	1.0000	0.5565	25,298,828.13	(207,436.03)	42,582.42	25,091,392.10	25,054,199.25	(37,192.85)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
700771	2/10/14	10/31/16	912828RM4	AA+	Aaa	AAA	25,000,000.00	1.0000	0.5594	25,296,875.00	(206,080.23)	43,032.79	25,090,794.77	25,054,199.25	(36,595.52)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
701292	2/13/14	10/31/16	912828RM4	AA+	Aaa	AAA	25,000,000.00	1.0000	0.5985	25,269,531.25	(186,849.62)	43,032.79	25,082,681.63	25,054,199.25	(28,482.38)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
702989	2/24/14	10/31/16	912828RM4	AA+	Aaa	AAA	25,000,000.00	1.0000	0.6072	25,260,742.19	(179,858.90)	42,582.42	25,080,883.29	25,054,199.25	(26,684.04)
<b>US TREASURY N/B / NOMURA SECURITIES</b>															
705616	3/10/14	10/31/16	912828RM4	AA+	Aaa	AAA	50,000,000.00	1.0000	0.6565	50,449,218.75	(307,849.70)	86,065.57	50,141,369.05	50,108,398.50	(32,970.55)
<b>US TREASURY N/B / CITIGROUP GLOBAL MARKETS</b>															
705863	3/11/14	10/31/16	912828RM4	AA+	Aaa	AAA	20,000,000.00	1.0000	0.6546	20,180,468.75	(123,616.42)	34,426.23	20,056,852.33	20,043,359.40	(13,492.93)
<b>US TREASURY N/B / JEFFERIES &amp; COMPANY</b>															
747527	11/3/14	10/31/16	912828RM4	AA+	Aaa	AAA	44,000,000.00	1.0000	0.5203	44,417,656.25	(243,250.34)	74,945.05	44,174,405.91	44,095,390.68	(79,015.23)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
701295	2/13/14	1/31/17	912828SC5	AA+	Aaa	AAA	25,000,000.00	0.8750	0.7082	25,122,070.31	(77,435.18)	91,542.12	25,044,635.13	25,015,136.75	(29,498.38)

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

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\* Market values provided by Bloomberg & Northern Trust

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>Extended Fund</u></b>															
<b>TREASURIES</b>															
<b>TREASURY BOND</b>															
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
701622	2/14/14	1/31/17	912828SC5	AA+	Aaa	AAA	15,000,000.00	0.8750	0.7001	15,076,757.81	(48,665.30)	54,925.27	15,028,092.51	15,009,082.05	(19,010.46)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
703308	2/25/14	1/31/17	912828SC5	AA+	Aaa	AAA	35,000,000.00	0.8750	0.6929	35,184,570.31	(116,325.83)	128,158.97	35,068,244.48	35,021,191.45	(47,053.03)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
693010	12/26/13	2/28/17	912828SJO	AA+	Aaa	AAA	30,000,000.00	0.8750	0.8962	29,980,078.13	12,640.08	89,191.99	29,992,718.21	30,024,609.30	31,891.09
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
703600	2/26/14	2/28/17	912828SJO	AA+	Aaa	AAA	35,000,000.00	0.8750	0.7249	35,155,859.38	(95,673.24)	104,057.32	35,060,186.14	35,028,710.85	(31,475.29)
<b>US TREASURY N/B / RBS GREENWICH CAPITAL</b>															
705862	3/11/14	2/28/17	912828SJO	AA+	Aaa	AAA	30,000,000.00	0.8750	0.8016	30,064,453.13	(39,265.92)	88,701.92	30,025,187.21	30,024,609.30	(577.91)
<b>US TREASURY N/B / GOLDMAN SACHS</b>															
747528	11/3/14	2/28/17	912828SJO	AA+	Aaa	AAA	50,000,000.00	0.8750	0.6679	50,238,281.25	(119,140.63)	147,836.54	50,119,140.62	50,041,015.50	(78,125.12)
<b>US TREASURY N/B / DAIWA CAPITAL MARKETS</b>															
768588	3/6/15	2/28/17	912828J35	AA+	Aaa	AAA	50,000,000.00	0.5000	0.7265	49,777,343.75	92,440.73	84,478.02	49,869,784.48	49,813,476.50	(56,307.98)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
691409	12/17/13	3/31/17	912828SM3	AA+	Aaa	AAA	50,000,000.00	1.0000	0.7984	50,326,171.88	(202,498.38)	127,049.18	50,123,673.50	50,086,914.00	(36,759.50)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
691410	12/17/13	3/31/17	912828SM3	AA+	Aaa	AAA	50,000,000.00	1.0000	0.7984	50,326,171.88	(202,498.38)	127,049.18	50,123,673.50	50,086,914.00	(36,759.50)
<b>US TREASURY N/B / MORGAN STANLEY</b>															
691926	12/19/13	3/31/17	912828SM3	AA+	Aaa	AAA	30,000,000.00	1.0000	0.8499	30,145,312.50	(90,122.86)	76,648.35	30,055,189.64	30,052,148.40	(3,041.24)
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
764416	2/10/15	6/15/17	912828WP1	AA+	Aaa	AAA	40,000,000.00	0.8750	1.0099	40,048,437.50	(18,390.41)	16,256.83	40,030,047.09	39,966,406.40	(63,640.69)
<b>US TREASURY N/B / MORGAN STANLEY</b>															
820827	12/31/15	12/31/17	912828PN4	AA+	Aaa	AAA	44,000,000.00	2.7500	1.1181	45,416,250.00	(1,937.41)	3,324.18	45,414,312.59	45,435,156.36	20,843.77
<b>US TREASURY N/B / DEUTSCHE</b>															
820828	12/31/15	12/31/17	912828PN4	AA+	Aaa	AAA	50,000,000.00	2.7500	1.1181	51,609,375.00	(2,201.61)	3,777.47	51,607,173.39	51,630,859.50	23,686.11
<b>US TREASURY N/B / BARCLAYS CAPITAL</b>															
781912	5/20/15	4/15/18	912828K25	AA+	Aaa	AAA	25,000,000.00	0.7500	0.9788	24,838,867.19	34,322.35	36,931.82	24,873,189.54	24,764,648.50	(108,541.04)
<b>US TREASURY N/B / JEFFERIES &amp; COMPANY</b>															
803053	9/17/15	9/15/18	912828L40	AA+	Aaa	AAA	50,000,000.00	1.0000	1.1106	49,839,843.75	15,517.88	145,604.40	49,855,361.63	49,667,969.00	(187,392.63)
<b>Subtotal for TREASURY BOND:</b>							<b>1,698,950,000.00</b>	<b>0.8232</b>	<b>0.6197</b>	<b>1,707,243,521.54</b>	<b>(3,659,453.73)</b>	<b>3,040,889.09</b>	<b>1,703,584,067.81</b>	<b>1,702,613,048.54</b>	<b>(971,019.27)</b>
<b>Subtotal for TREASURIES:</b>							<b>1,698,950,000.00</b>	<b>0.8232</b>	<b>0.6197</b>	<b>1,707,243,521.54</b>	<b>(3,659,453.73)</b>	<b>3,040,889.09</b>	<b>1,703,584,067.81</b>	<b>1,702,613,048.54</b>	<b>(971,019.27)</b>

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument Extended Fund, County and Educational Money Market Funds

**As of 31-Dec-2015**

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\* Market values provided by Bloomberg & Northern Trust

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b>Total Extended Fund :</b>							5,024,185,000.00	1.1541	0.8425	5,064,335,987.44	(17,880,151.68)	11,229,169.99	5,046,455,835.76	5,036,016,891.50	(10,438,944.26)
<b>Net Asset Value (NAV):</b>															<u><u>0.997931</u></u>
<b>Total Investments:</b>							8,670,039,660.01	0.7440	0.6042	8,711,117,557.19	(19,210,950.21)	13,284,713.82	8,692,235,730.81	8,681,751,017.79	(10,484,713.02)

**Report Parameters**

Deals [Settlement Date] <= 31-Dec-2015  
 Deals [Entity Name] include list County Money Mkt Fnd, Educational Money Mkt Fnd, Extended Fund  
 Bank Accounts [Account Name] include list GOLDMAN SACHS - COUNTY MMF, GOLDMAN SACHS - EDUCATIONAL MMF, INVESCO STIC...

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument John Wayne Airport Investment Pool/Non-Pooled Investments As of 31-Dec-2015

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As at date: 06-Jan-2016

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\* Market values provided by Bloomberg & Northern Trust

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>100-GF-Tax Ex-Non AMT</u></b>															
<b>FUNDS</b>															
<b>GS FIN TAX FREE-GF 100</b>															
	1/4/16		AAAm	Aaa-mf	NR		221,115,113.67		0.0061	221,115,113.67	0.00	0.00	221,115,113.67	221,115,113.67	0.00
<b>Subtotal for FUNDS:</b>							<b>221,115,113.67</b>		<b>0.0061</b>	<b>221,115,113.67</b>	<b>0.00</b>	<b>0.00</b>	<b>221,115,113.67</b>	<b>221,115,113.67</b>	<b>0.00</b>
<b>Total 100-GF-Tax Ex-Non AMT :</b>							<b>221,115,113.67</b>		<b>0.0061</b>	<b>221,115,113.67</b>	<b>0.00</b>	<b>0.00</b>	<b>221,115,113.67</b>	<b>221,115,113.67</b>	<b>0.00</b>
<b>Net Asset Value (NAV):</b>														<b>1.000000</b>	
<b><u>15B-Housing 99A &amp; 99B</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>MBS PASSTHROUGH</b>															
<b>GINNIE MAE /</b>															
383458	03/25/09	9/20/29	36210RYF1	AA+	Aaa	AAA	87,107.11	6.2500	6.2500	87,107.11	0.00	166.35	87,107.11	90,115.79	3,008.68
<b>Subtotal for MBS PASSTHROUGH:</b>							<b>87,107.11</b>	<b>6.2500</b>	<b>6.2500</b>	<b>87,107.11</b>	<b>0.00</b>	<b>166.35</b>	<b>87,107.11</b>	<b>90,115.79</b>	<b>3,008.68</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>87,107.11</b>	<b>6.2500</b>	<b>6.2500</b>	<b>87,107.11</b>	<b>0.00</b>	<b>166.35</b>	<b>87,107.11</b>	<b>90,115.79</b>	<b>3,008.68</b>
<b>Total 15B-Housing 99A &amp; 99B :</b>							<b>87,107.11</b>	<b>6.2500</b>	<b>6.2500</b>	<b>87,107.11</b>	<b>0.00</b>	<b>166.35</b>	<b>87,107.11</b>	<b>90,115.79</b>	<b>3,008.68</b>
<b>Net Asset Value (NAV):</b>														<b>1.034540</b>	
<b><u>283-John Wayne Airport</u></b>															
<b>FUNDS</b>															
<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>															
	1/4/16		AAAm	Aaa-mf	AAAmmf		594.92		0.0320	594.92	0.00	0.00	594.92	594.92	0.00
<b>MORGAN STANLEY GOVT 8302-JWA MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		601.99		0.1680	601.99	0.00	0.00	601.99	601.99	0.00
<b>GOLDMAN SACHS - JWA MMF</b>															
	1/4/16		AAAm	Aaa-mf	NR		429,771.80		0.1800	429,771.80	0.00	0.00	429,771.80	429,771.80	0.00
<b>Subtotal for FUNDS:</b>							<b>430,968.71</b>		<b>0.1798</b>	<b>430,968.71</b>	<b>0.00</b>	<b>0.00</b>	<b>430,968.71</b>	<b>430,968.71</b>	<b>0.00</b>
<b>CERTIFICATES OF DEPOSIT</b>															
<b>YANKEE CD</b>															
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
793621	7/27/15	7/25/16	89113EVC7	A-1+	P-1	F1+	1,500,000.00	0.5900	0.5900	1,500,000.00	0.00	3,884.17	1,500,000.00	1,497,150.00	(2,850.00)
<b>TORONTO DOMINION BANK NY / TD SECURITIES</b>															
808413	10/19/15	9/29/16	89112UXV8	A-1+	P-1	F1+	250,000.00	0.9000	0.8000	250,237.49	(50.79)	462.50	250,186.70	249,773.73	(412.98)
<b>Subtotal for YANKEE CD:</b>							<b>1,750,000.00</b>	<b>0.6343</b>	<b>0.6200</b>	<b>1,750,237.49</b>	<b>(50.79)</b>	<b>4,346.67</b>	<b>1,750,186.70</b>	<b>1,746,923.73</b>	<b>(3,262.98)</b>
<b>Subtotal for CERTIFICATES OF DEPOSIT:</b>							<b>1,750,000.00</b>	<b>0.6343</b>	<b>0.6200</b>	<b>1,750,237.49</b>	<b>(50.79)</b>	<b>4,346.67</b>	<b>1,750,186.70</b>	<b>1,746,923.73</b>	<b>(3,262.98)</b>

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>283-John Wayne Airport</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>DISCOUNT NOTES</b>															
<b>FREDDIE DISCOUNT / UBS FINANCIAL SERVICES</b>															
819056	12/21/15	1/12/16	313396RS4	A-1	P-1	F1+	2,300,000.00		0.1800	2,299,747.00	0.00	126.50	2,299,873.50	2,299,924.10	50.60
<b>FHLB DISC CORP / DEUTSCHE</b>															
809186	10/22/15	1/13/16	313384RT8	A-1	P-1	F1+	800,000.00		0.1500	799,723.33	0.00	236.67	799,960.00	799,969.60	9.60
<b>FHLB DISC CORP / JEFFERIES &amp; COMPANY</b>															
815159	11/25/15	1/13/16	313384RT8	A-1	P-1	F1+	2,000,000.00		0.1600	1,999,564.44	0.00	328.89	1,999,893.33	1,999,924.00	30.67
<b>FHLB DISC CORP / BARCLAYS CAPITAL</b>															
806117	10/5/15	1/14/16	313384RU5	A-1	P-1	F1+	600,000.00		0.1500	599,747.50	0.00	220.00	599,967.50	599,974.80	7.30
<b>FNMA DISCOUNT / JEFFERIES &amp; COMPANY</b>															
815158	11/25/15	1/14/16	313588RU1	A-1	P-1	F1+	1,100,000.00		0.1600	1,099,755.56	0.00	180.89	1,099,936.45	1,099,953.80	17.35
<b>FREDDIE DISCOUNT / JEFFERIES &amp; COMPANY</b>															
819809	12/24/15	1/15/16	313396RV7	A-1	P-1	F1+	300,000.00		0.2600	299,952.33	0.00	17.33	299,969.66	299,985.00	15.34
<b>FNMA DISCOUNT / DEUTSCHE</b>															
816177	12/3/15	1/21/16	313588SB2	A-1	P-1	F1+	1,000,000.00		0.2100	999,714.17	0.00	169.16	999,883.33	999,930.00	46.67
<b>FREDDIE DISCOUNT / JEFFERIES &amp; COMPANY</b>															
813262	11/16/15	1/22/16	313396SC8	A-1	P-1	F1+	100,000.00		0.2000	99,962.78	0.00	25.55	99,988.33	99,992.00	3.67
<b>FHLB DISC CORP / DEUTSCHE</b>															
815393	11/30/15	1/26/16	313384SG5	A-1	P-1	F1+	1,600,000.00		0.1900	1,599,518.67	0.00	270.22	1,599,788.89	1,599,852.80	63.91
<b>FHLB DISC CORP / DEUTSCHE</b>															
819055	12/21/15	1/26/16	313384SG5	A-1	P-1	F1+	600,000.00		0.3000	599,820.00	0.00	55.00	599,875.00	599,944.80	69.80
<b>FHLB DISC CORP / BARCLAYS CAPITAL</b>															
812304	11/9/15	1/27/16	313384SH3	A-1	P-1	F1+	640,000.00		0.1800	639,747.20	0.00	169.60	639,916.80	639,938.56	21.76
<b>FHLB DISC CORP / JP MORGAN CHASE &amp; CO</b>															
812303	11/9/15	1/29/16	313384SK6	A-1	P-1	F1+	300,000.00		0.2000	299,865.00	0.00	88.33	299,953.33	299,968.80	15.47
<b>FNMA DISCOUNT / JEFFERIES &amp; COMPANY</b>															
816174	12/3/15	2/2/16	313588SP1	A-1	P-1	F1+	400,000.00		0.2800	399,810.22	0.00	90.22	399,900.44	399,920.00	19.56
<b>FREDDIE DISCOUNT / BARCLAYS CAPITAL</b>															
811813	11/5/15	2/5/16	313396SS3	A-1	P-1	F1+	2,185,000.00		0.1300	2,184,274.09	0.00	449.75	2,184,723.84	2,184,519.30	(204.54)
<b>Subtotal for DISCOUNT NOTES:</b>							<b>13,925,000.00</b>	<b>0.0000</b>	<b>0.1783</b>	<b>13,921,202.29</b>	<b>0.00</b>	<b>2,428.11</b>	<b>13,923,630.40</b>	<b>13,923,797.56</b>	<b>167.16</b>
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
753253	12/8/14	1/4/16	3130A3PB4	AA+	Aaa	AAA	1,000,000.00	0.2300	0.2537	999,746.00	252.03	1,130.83	999,998.03	1,000,090.00	91.97
<b>FED HM LN BK BD / RBS GREENWICH CAPITAL</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>283-John Wayne Airport</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
811571	11/4/15	1/7/16	3130A2KD7	AA+	Aaa	AAA	450,000.00	0.3150	0.1700	450,111.89	(101.23)	224.44	450,010.66	450,000.00	(10.66)
<b>FED FARM CR BK / JP MORGAN CHASE &amp; CO</b>															
808173	10/16/15	1/12/16	31331GJT7	AA+	Aaa	AAA	600,000.00	3.6800	0.1491	605,052.00	(4,405.81)	4,600.00	600,646.19	599,988.00	(658.19)
<b>FREDDIE MAC / FTN FINANCIAL</b>															
800890	9/3/15	1/19/16	3134A4ZT4	AA+	Aaa	AAA	850,000.00	4.7500	0.2802	864,319.10	(12,423.93)	13,234.03	851,895.17	851,576.75	(318.42)
<b>FREDDIE MAC / DEUTSCHE</b>															
809419	10/23/15	1/19/16	3134A4ZT4	AA+	Aaa	AAA	800,000.00	4.7500	0.1600	808,757.58	(6,924.60)	7,177.78	801,832.98	801,484.00	(348.98)
<b>FREDDIE MAC / DEUTSCHE</b>															
811574	11/4/15	1/19/16	3134A4ZT4	AA+	Aaa	AAA	325,000.00	4.7500	0.2000	328,075.73	(2,337.55)	2,444.27	325,738.18	325,602.88	(135.31)
<b>FREDDIE MAC / DEUTSCHE</b>															
812550	11/10/15	1/19/16	3134A4ZT4	AA	Aaa	AAA	1,225,000.00	4.7500	0.2050	1,235,652.91	(7,873.89)	8,243.23	1,227,779.02	1,227,272.38	(506.65)
<b>FREDDIE MAC / JP MORGAN CHASE &amp; CO</b>															
813905	11/18/15	1/19/16	3134A4ZT4	AA+	Aaa	AAA	1,705,000.00	4.7500	0.2000	1,718,121.87	(9,249.84)	9,673.51	1,708,872.03	1,708,162.78	(709.26)
<b>FREDDIE MAC / DEUTSCHE</b>															
816481	12/7/15	1/19/16	3134A4ZT4	AA+	Aaa	AAA	500,000.00	4.7500	0.2700	502,605.81	(1,489.03)	1,583.33	501,116.78	500,927.50	(189.28)
<b>FED FARM CR BK / MORGAN STANLEY</b>															
819627	12/23/15	2/16/16	31331VQU3	AA+	Aaa	AAA	145,000.00	5.0000	0.4736	145,959.90	(144.89)	161.11	145,815.01	145,959.90	144.89
<b>FED HM LN BK BD / CITIGROUP GLOBAL MARKETS</b>															
804846	9/28/15	2/19/16	3130A0SD3	AA+	Aaa	AAA	1,100,000.00	0.3750	0.2600	1,100,470.67	(310.44)	1,065.62	1,100,160.23	1,099,967.00	(193.23)
<b>FANNIE MAE / CITIGROUP GLOBAL MARKETS</b>															
804847	9/28/15	3/10/16	3136FPET0	AA+	Aaa	AAA	500,000.00	2.0000	0.3101	503,787.50	(2,174.31)	2,583.33	501,613.19	501,250.00	(363.19)
<b>FED HM LN BK BD / CASTLE OAK SECURITIES</b>															
812856	11/12/15	3/14/16	3130A4BW1	AA+	Aaa	AAA	1,000,000.00	0.3400	0.3201	1,000,058.00	(23.30)	462.78	1,000,034.70	1,000,060.00	25.30
<b>FANNIE MAE / DEUTSCHE</b>															
806109	10/5/15	3/15/16	3135G0AL7	AA+	Aaa	AAA	514,000.00	2.2500	0.2500	518,555.90	(2,448.80)	2,762.75	516,107.10	516,158.80	51.70
<b>FANNIE MAE / DEUTSCHE</b>															
810851	10/30/15	3/15/16	31359MH89	AA+	Aaa	AAA	104,000.00	5.0000	0.3000	105,828.44	(826.18)	881.11	105,002.26	104,930.28	(71.98)
<b>FANNIE MAE / DEUTSCHE</b>															
816480	12/7/15	3/15/16	3135G0AL7	AA+	Aaa	AAA	250,000.00	2.2500	0.3700	251,274.28	(312.07)	375.00	250,962.21	251,050.00	87.79
<b>FED FARM CR BK / MORGAN STANLEY</b>															
820267	12/29/15	3/28/16	3133EJUJ3	AA+	Aaa	AAA	100,000.00	1.0500	0.5003	100,134.00	(3.01)	5.83	100,130.99	100,156.00	25.01
<b>FANNIE MAE / DEUTSCHE</b>															
804554	9/25/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	208,000.00	0.5000	0.3200	208,192.08	(99.67)	262.89	208,092.41	208,028.08	(64.33)



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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>283-John Wayne Airport</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FANNIE MAE / DEUTSCHE</b>															
815402	11/30/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	867,000.00	0.5000	0.3500	867,423.72	(109.46)	373.29	867,314.26	867,117.05	(197.21)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
819817	12/24/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	154,000.00	0.5000	0.4200	154,030.80	(2.25)	14.97	154,028.55	154,020.79	(7.76)
<b>FANNIE MAE / BARCLAYS CAPITAL</b>															
820261	12/29/15	3/30/16	3135G0VA8	AA+	Aaa	AAA	2,000,000.00	0.5000	0.4196	2,000,380.00	(8.35)	55.56	2,000,371.65	2,000,270.00	(101.65)
<b>FREDDIE MAC / DEUTSCHE</b>															
818308	12/16/15	4/18/16	3137EAAD1	AA+	Aaa	AAA	245,000.00	5.2500	0.5800	248,857.65	(474.30)	535.94	248,383.35	248,379.78	(3.57)
<b>FREDDIE MAC / MORGAN STANLEY</b>															
820262	12/29/15	4/18/16	3137EAAD1	AA+	Aaa	AAA	145,000.00	5.2500	0.5146	147,069.15	(37.97)	42.29	147,031.18	147,000.28	(30.90)
<b>FREDDIE MAC / DEUTSCHE</b>															
818309	12/16/15	5/13/16	3137EADQ9	AA+	Aaa	AAA	162,000.00	0.5000	0.6100	161,921.76	7.98	33.75	161,929.74	161,992.71	62.97
<b>FED HM LN BK BD / JP MORGAN CHASE &amp; CO.</b>															
809650	10/26/15	5/26/16	3130A5FP9	AA+	Aaa	AAA	345,000.00	0.2500	0.2946	344,910.30	27.76	83.85	344,938.06	344,761.95	(176.11)
<b>FREDDIE MAC / DEUTSCHE</b>															
802285	9/14/15	5/27/16	3137EACT4	AA+	Aaa	AAA	625,000.00	2.5000	0.4248	634,089.81	(3,844.31)	1,475.69	630,245.50	629,896.88	(348.63)
<b>FED HM LN BK BD / DEUTSCHE</b>															
802850	9/16/15	6/10/16	313373S26	AA+	Aaa	AAA	625,000.00	2.1250	0.4262	632,764.03	(3,087.97)	774.74	629,676.06	629,137.50	(538.56)
<b>FANNIE MAE / DEUTSCHE</b>															
819629	12/23/15	7/5/16	3135G0XP3	AA+	Aaa	AAA	123,000.00	0.3750	0.6601	122,813.59	7.77	10.25	122,821.36	122,835.18	13.82
<b>FREDDIE MAC / DEUTSCHE</b>															
818066	12/15/15	7/18/16	3137EAAG4	AA+	Aaa	AAA	740,000.00	5.5000	0.7254	760,816.71	(1,563.70)	1,808.89	759,253.01	759,265.90	12.89
<b>FED HM LN BK BD / MORGAN STANLEY</b>															
820813	12/31/15	8/15/16	3133MJQF0	AA+	Aaa	AAA	130,000.00	5.5000	0.7266	133,841.50	0.00	0.00	133,841.50	133,841.50	0.00
<b>FREDDIE MAC / DEUTSCHE</b>															
796357	8/10/15	8/25/16	3137EACW7	AA+	Aaa	AAA	707,000.00	2.0000	0.5276	717,798.67	(4,060.30)	4,949.00	713,738.37	712,906.99	(831.39)
<b>FREDDIE MAC / DEUTSCHE</b>															
819379	12/22/15	8/25/16	3137EACW7	AA+	Aaa	AAA	358,000.00	2.0000	0.6901	361,151.11	(116.71)	179.00	361,034.40	360,991.09	(43.31)
<b>FREDDIE MAC / UBS FINANCIAL SERVICES</b>															
819380	12/22/15	8/25/16	3137EACW7	AA+	Aaa	AAA	226,000.00	2.0000	0.6786	228,006.88	(74.33)	113.00	227,932.55	227,888.23	(44.32)
<b>FED FARM CR BK / DEUTSCHE</b>															
819630	12/23/15	8/25/16	31331V2U9	AA+	Aaa	AAA	125,000.00	5.1250	0.7111	128,692.22	(122.06)	142.36	128,570.16	128,540.00	(30.16)
<b>FANNIE MAE / DEUTSCHE</b>															

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<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>283-John Wayne Airport</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
819386	12/22/15	9/15/16	31359MW41	AA+	Aaa	AAA	1,002,000.00	5.2500	0.7278	1,034,943.46	(1,127.34)	1,315.12	1,033,816.12	1,035,221.31	1,405.19
<b>Subtotal for GOVT AGENCY-FIX-30/360:</b>							<b>19,955,000.00</b>	<b>2.6614</b>	<b>0.3627</b>	<b>20,126,215.02</b>	<b>(65,482.06)</b>	<b>68,779.54</b>	<b>20,060,732.96</b>	<b>20,056,731.45</b>	<b>(4,001.51)</b>
<b>GOVT AGENCY-FLOAT-ACT/360</b>															
<b>FED FARM CR BK / DEUTSCHE</b>															
770647	3/18/15	4/18/16	3133EETY6	AA+	Aaa	AAA	1,000,000.00	0.3100	0.1575	999,910.28	65.31	120.55	999,975.59	999,710.00	(265.59)
<b>FED FARM CR BK / BNP PARIBAS</b>															
797566	8/17/15	6/20/16	3133EDA77	AA+	Aaa	AAA	2,500,000.00	0.5200	0.1739	2,502,029.50	(902.73)	433.33	2,501,126.77	2,499,550.00	(1,576.77)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
798095	8/19/15	6/20/16	3133EDA77	AA+	Aaa	AAA	1,000,000.00	0.5200	0.1688	1,000,848.97	(374.55)	173.33	1,000,474.42	999,820.00	(654.42)
<b>FED FARM CR BK / BNP PARIBAS</b>															
812063	11/6/15	6/20/16	3133EDA77	AA+	Aaa	AAA	2,000,000.00	0.5200	0.2498	2,000,251.32	(62.00)	346.67	2,000,189.32	1,999,640.00	(549.32)
<b>FED FARM CR BK / CASTLE OAK SECURITIES</b>															
820838	12/31/15	9/19/16	3133EDNQ1	AA+	Aaa	AAA	1,500,000.00	0.4400	0.5813	1,498,477.50	5.79	18.33	1,498,483.29	1,498,365.00	(118.29)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
810346	10/28/15	11/7/16	3133EDG6T4	AA+	Aaa	AAA	3,000,000.00	0.5500	0.2949	3,000,155.89	(26.95)	2,520.84	3,000,128.94	2,998,380.00	(1,748.94)
<b>Subtotal for GOVT AGENCY-FLOAT-ACT/360:</b>							<b>11,000,000.00</b>	<b>0.4982</b>	<b>0.2743</b>	<b>11,001,673.46</b>	<b>(1,295.13)</b>	<b>3,613.05</b>	<b>11,000,378.33</b>	<b>10,995,465.00</b>	<b>(4,913.33)</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>44,880,000.00</b>	<b>1.3055</b>	<b>0.2838</b>	<b>45,049,090.77</b>	<b>(66,777.19)</b>	<b>74,820.70</b>	<b>44,984,741.69</b>	<b>44,975,994.01</b>	<b>(8,747.68)</b>
<b>MEDIUM TERM NOTES</b>															
<b>MEDIUM TERM NOTE</b>															
<b>BERKSHIRE HATHAWAY INC / TD SECURITIES</b>															
792211	7/17/15	2/11/16	084670BG2	AA	Aa2	A+	475,000.00	0.8000	0.4302	475,992.75	(798.09)	1,477.78	475,194.66	474,900.25	(294.41)
<b>APPLE INC. / CASTLE OAK SECURITIES</b>															
775102	4/13/15	5/3/16	037833AH3	AA+	Aa1		700,000.00	0.4500	0.4063	700,322.00	(218.62)	507.50	700,103.38	699,657.00	(446.38)
<b>WAL-MART STORES INC / MORGAN STANLEY</b>															
783713	6/1/15	6/1/16	931142BB8	AA	Aa2	AA	750,000.00	5.3190	0.3534	787,065.00	(21,621.25)	23,270.63	765,443.75	764,805.00	(638.75)
<b>CHEVRON CORP / TD SECURITIES</b>															
814130	11/19/15	6/24/16	166764AC4	AA	Aa1		808,000.00	0.8890	0.4524	810,100.80	(410.39)	139.67	809,690.41	809,850.32	159.91
<b>Subtotal for MEDIUM TERM NOTE:</b>							<b>2,733,000.00</b>	<b>1.9768</b>	<b>0.4096</b>	<b>2,773,480.55</b>	<b>(23,048.35)</b>	<b>25,395.58</b>	<b>2,750,432.20</b>	<b>2,749,212.57</b>	<b>(1,219.63)</b>
<b>Subtotal for MEDIUM TERM NOTES:</b>							<b>2,733,000.00</b>	<b>1.9768</b>	<b>0.4096</b>	<b>2,773,480.55</b>	<b>(23,048.35)</b>	<b>25,395.58</b>	<b>2,750,432.20</b>	<b>2,749,212.57</b>	<b>(1,219.63)</b>
<b>Total 283-John Wayne Airport :</b>							<b>49,793,968.71</b>	<b>1.3074</b>	<b>0.3016</b>	<b>50,003,777.52</b>	<b>(89,876.33)</b>	<b>104,562.95</b>	<b>49,916,329.30</b>	<b>49,903,099.02</b>	<b>(13,230.28)</b>
<b>Net Asset Value (NAV):</b>														<b>0.999735</b>	

# ORANGE COUNTY TREASURER-TAX COLLECTOR

## Investment Inventory with Market Value by Entity & Instrument John Wayne Airport Investment Pool/Non-Pooled Investments As of 31-Dec-2015

Run Date: 06-Jan-2016 12:14 pm  
Print Date: 06-Jan-2016  
As at date: 06-Jan-2016

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User: uphan

\* Market values provided by Bloomberg & Northern Trust

Deal No.	Settle Date	Maturity Date	CUSIP	S&P	Moody's	Fitch	Face Value	Coupon	Purchase Yield	Capital	Capital Accrual	Interest Accrual	Book Value	Market Value *	Unrealized Gain/(Loss)
<b>Issuer / Broker</b>															
<b>UNITED STATES DOLLAR</b>															
<b><u>505-Foothill Rnch 87-4 DS</u></b>															
<b>REPURCHASE AGREEMENTS</b>															
<b>BAYERISCHE LANDESBK-REPO</b>															
<b>BAYERISCHE LANDESBK GIRO /</b>															
26091	7/24/97	8/15/19		AA+	Aaa	AAA	1,081,500.00	6.2000	0.0000	1,081,500.00	0.00	25,517.39	1,081,500.00	1,081,500.00	0.00
<b>Subtotal for BAYERISCHE LANDESBK-REPO:</b>							<b>1,081,500.00</b>	<b>6.2000</b>	<b>0.0000</b>	<b>1,081,500.00</b>	<b>0.00</b>	<b>25,517.39</b>	<b>1,081,500.00</b>	<b>1,081,500.00</b>	<b>0.00</b>
<b>Subtotal for REPURCHASE AGREEMENTS:</b>							<b>1,081,500.00</b>	<b>6.2000</b>	<b>0.0000</b>	<b>1,081,500.00</b>	<b>0.00</b>	<b>25,517.39</b>	<b>1,081,500.00</b>	<b>1,081,500.00</b>	<b>0.00</b>
<b>Total 505-Foothill Rnch 87-4 DS :</b>							<b>1,081,500.00</b>	<b>6.2000</b>	<b>0.0000</b>	<b>1,081,500.00</b>	<b>0.00</b>	<b>25,517.39</b>	<b>1,081,500.00</b>	<b>1,081,500.00</b>	<b>0.00</b>
<b>Net Asset Value (NAV):</b>														<b>1.000000</b>	
<b><u>650-Fountain Valley SD40</u></b>															
<b>GOVERNMENT AGENCY</b>															
<b>GOVT AGENCY-FIX-30/360</b>															
<b>FANNIE MAE / BNP PARIBAS</b>															
794632	7/30/15	1/30/17	3135G0GY3	AA+	Aaa	AAA	3,500,000.00	1.2500	0.5828	3,534,825.00	(9,738.10)	18,350.69	3,525,086.90	3,512,495.00	(12,591.90)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
794636	7/30/15	7/27/17	3130A5ZU6	AA+	Aaa	AAA	3,500,000.00	0.8000	0.7910	3,500,620.80	(130.74)	11,744.45	3,500,490.06	3,509,730.00	9,239.94
<b>FREDDIE MAC / DAIWA CAPITAL MARKETS</b>															
794637	7/30/15	1/12/18	3137EADN6	AA+	Aaa	AAA	3,500,000.00	0.7500	0.9360	3,484,265.61	2,693.76	11,010.42	3,486,959.37	3,472,122.50	(14,836.87)
<b>FED FARM CR BK / DAIWA CAPITAL MARKETS</b>															
794630	7/30/15	6/25/18	3133EE2F6	AA+	Aaa	AAA	3,500,000.00	1.2200	1.0800	3,513,956.88	(2,016.74)	711.67	3,511,940.14	3,499,860.00	(12,080.14)
<b>FANNIE MAE / MORGAN STANLEY</b>															
794633	7/30/15	2/19/19	3135G0ZA4	AA+	Aaa	AAA	3,500,000.00	1.8750	1.3317	3,565,765.00	(7,764.28)	24,062.50	3,558,000.72	3,548,002.50	(9,998.22)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
794631	7/30/15	6/14/19	313379EE5	AA+	Aaa	AAA	3,500,000.00	1.6250	1.4650	3,520,986.46	(2,273.28)	2,685.76	3,518,713.18	3,513,965.00	(4,748.18)
<b>FANNIE MAE / MORGAN STANLEY</b>															
794635	7/30/15	1/21/20	3135G0A78	AA+	Aaa	AAA	3,320,000.00	1.6250	1.6180	3,320,996.00	(93.36)	22,629.03	3,320,902.64	3,314,571.80	(6,330.84)
<b>FED HM LN BK BD / DAIWA CAPITAL MARKETS</b>															
794638	7/30/15	7/29/20	3130A5Z77	AA+	Aaa	AAA	3,500,000.00	1.8300	1.7810	3,508,150.38	(684.11)	26,865.41	3,507,466.27	3,513,860.00	6,393.73
<b>Subtotal for GOVT AGENCY-FIX-30/360:</b>							<b>27,820,000.00</b>	<b>1.3702</b>	<b>1.1955</b>	<b>27,949,566.13</b>	<b>(20,006.85)</b>	<b>118,059.93</b>	<b>27,929,559.28</b>	<b>27,884,606.80</b>	<b>(44,952.48)</b>
<b>Subtotal for GOVERNMENT AGENCY:</b>							<b>27,820,000.00</b>	<b>1.3702</b>	<b>1.1955</b>	<b>27,949,566.13</b>	<b>(20,006.85)</b>	<b>118,059.93</b>	<b>27,929,559.28</b>	<b>27,884,606.80</b>	<b>(44,952.48)</b>
<b>Total 650-Fountain Valley SD40 :</b>							<b>27,820,000.00</b>	<b>1.3702</b>	<b>1.1955</b>	<b>27,949,566.13</b>	<b>(20,006.85)</b>	<b>118,059.93</b>	<b>27,929,559.28</b>	<b>27,884,606.80</b>	<b>(44,952.48)</b>
<b>Net Asset Value (NAV):</b>														<b>0.998391</b>	
<b>Total Investments:</b>							<b>299,897,689.49</b>	<b>0.3684</b>	<b>0.1673</b>	<b>300,237,064.43</b>	<b>(109,883.18)</b>	<b>248,306.62</b>	<b>300,129,609.36</b>	<b>300,074,435.27</b>	<b>(55,174.09)</b>

**COUNTY OF ORANGE**  
**CEO / PUBLIC FINANCE DEPARTMENT**  
**INVENTORY OF INVESTMENTS WITH TRUSTEES**  
**December 31, 2015**

	TRUSTEE	INVESTMENT TYPE	PURCHASE DATE	MATURITY DATE	DESCRIPTION	CUSIP #	INTEREST RATE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST
<b>CERTIFICATES OF PARTICIPATION</b>										
1991 CIVIC CENTER PARKING	U.S. BANK	MONEY MARKET			FEDERATED AUTOMATED GOVT CASH RESERVES	60934N674	0.01%	\$ 9.60	\$ 9.60	\$ -
1991 CIVIC CENTER PARKING	U.S. BANK	US TR STRPD BOND	11/15/96	11/15/18	U.S. TREASURY STRIPPED	912803AP8	0.00%	10,458.00	67,516.40	-
1991 CIVIC CENTER PARKING	U.S. BANK	US TR STRPD BOND	06/01/95	11/15/18	U.S. TREASURY STRIPPED	912833KT6	0.00%	43,923.12	283,013.22	-
1991 CIVIC CENTER PARKING	U.S. BANK	US TREASURY BOND	06/01/95	11/15/18	US TREASURY BOND	912810EB0	9.00%	2,558,237.10	2,733,861.91	25,301.25
<b>REDEVELOPMENT AGENCIES</b>										
2014 NDAPP	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL Y	31846V203	0.01%	1,016,345.36	1,016,345.36	5.20
2014 SANTA ANA HEIGHTS	U.S. BANK	MONEY MARKET			FIRST AMERICAN PRIME OBLIGATION FUND CL Z	31846V625	0.19%	3,635,229.65	3,635,229.65	414.08
<b>COMMUNITY FACILITIES DISTRICTS</b>										
1994C/2004A SOCPFA	U.S. BANK	MONEY MARKET			FIRST AMERICAN PRIME OBLIGATION FUND CL D	31846V708	0.02%	9,908,718.99	9,908,718.99	134.85
1999 SOCPFA SERIES A	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	2,145,378.92	2,145,378.92	10.98
2005 SOCPFA SERIES A	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	6.49	6.49	-
2014 SOCPFA SERIES A&B	U.S. BANK	MONEY MARKET			FIRST AMERICAN PRIME OBLIGATION FUND CL Z	31846V625	0.19%	6,644,617.05	6,644,617.05	756.86
<b>ASSESSMENT DISTRICTS</b>										
IRVINE COAST	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	4,201,254.69	4,201,254.69	21.50
IRVINE COAST	U.S. BANK	MONEY MARKET			INVESCO STIT TREASURY PORTFOLIO	825252570	0.10%	620,529.79	620,529.79	-
NEWPORT COAST - 2003B	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	477,085.87	477,085.87	2.44
NEWPORT COAST - Group 1	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	1,087,599.89	1,087,599.89	5.56
NEWPORT COAST - Group 2	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	695,577.62	695,577.62	3.56
NEWPORT COAST - Group 3	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	886,118.84	886,118.84	4.53
NEWPORT COAST - Group 4	U.S. BANK	MONEY MARKET			FIRST AMERICAN TREAS OBLIGATION FUND CL D	31846V302	0.00%	451,122.23	451,122.23	0.42
1999 REASSESSMENT BONDS (RAD 99-1R)	U.S. BANK	MONEY MARKET			FIRST AMERICAN PRIME OBLIGATION FUND CL D	31846V708	0.02%	97,158.98	97,158.98	1.32
1999 REASSESSMENT BONDS (RAD 99-1R)	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	1,171,055.46	1,171,055.46	5.99
2001 REASSESSMENT BONDS (RAD 01-1R)	U.S. BANK	MONEY MARKET			FIRST AMERICAN PRIME OBLIGATION FUND CL D	31846V708	0.02%	6,926.04	6,926.04	0.09
2001 REASSESSMENT BONDS (RAD 01-1R)	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL D	31846V401	0.01%	625,962.82	625,962.82	3.20
<b>REVENUE BONDS</b>										
2012 JUVENILE JUSTICE CENTER	U.S. BANK	MONEY MARKET			US BANK MMKT 5 - CT	9AMMF05B2	0.02%	3,744,131.89	3,744,131.89	63.60
2005 LEASE REVENUE REFUNDING BONDS	BNY MELLON	MONEY MARKET			WELLS FARGO ADVANTAGE TREASURY PLUS	94975H320	0.00%	20,251,402.33	20,251,402.33	163.84
2005 LEASE REVENUE REFUNDING BONDS	BNY MELLON	INVEST AGREEMENT	11/22/05	01/17/17	NATIXIS FUNDING CORP.		5.005%	14,190,214.85	14,190,214.85	-
2006 LEASE REVENUE BONDS (COGEN)	U.S. BANK	MONEY MARKET			GOLDMAN SACHS FIN SQ MMKT	38143H209	0.01%	1,742,029.09	1,742,029.09	130.63
<b>PENSION OBLIGATION BONDS (POBs)</b>										
1996A TAXABLE REFUNDING POBs	BNY MELLON	MONEY MARKET			FEDERATED AUTOMATED GOVT CASH RESERVES	60934N716	0.01%	2,283.35	2,283.35	-
1996A TAXABLE REFUNDING POBs	BNY MELLON	GOVT SECURITY	06/22/00	09/01/16	FED NATL MTG ASSN DISC NTS	31364KQG8	0.00%	12,318,576.23	25,872,602.89	-
1997A TAXABLE REFUNDING POBs	BNY MELLON	MONEY MARKET			FEDERATED AUTOMATED GOVT CASH RESERVES	60934N716	0.01%	2,327.68	2,327.68	-
1997A TAXABLE REFUNDING POBs	BNY MELLON	GOVT SECURITY	06/22/00	09/01/21	FED NATL MTG ASSN DISC NTS	31364KQH6	0.00%	33,915,351.89	72,687,496.10	-
2015-16 PREPAID POBs	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL Y	31846V203	0.01%	47.09	47.09	-
<b>TEETER PLAN</b>										
OBLIGATION NOTES	U.S. BANK	MONEY MARKET			FIRST AMERICAN GOVT OBLIGATION FUND CL Y	31846V203	0.01%	22,190.91	22,190.91	0.01
<b>TOTAL OF INVESTMENTS WITH TRUSTEES</b>								<b>\$ 122,471,871.82</b>	<b>\$ 175,269,816.00</b>	<b>\$ 27,029.91</b>

**COUNTY OF ORANGE**  
**CEO / PUBLIC FINANCE DEPARTMENT**  
**INVENTORY OF INVESTMENTS WITH TRUSTEES**  
**SUMMARY BY INVESTMENT TYPE**  
**December 31, 2015**

DESCRIPTION	PURCHASE DATE	MATURITY DATE	CUSIP #	INTEREST RATE	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST
<b>MONEY MARKET FUNDS</b>							
FEDERATED AUTOMATED GOVT CASH RESERVES			60934N716	0.01%	\$ 4,611.03	\$ 4,611.03	\$ -
FEDERATED US TREASURY CASH SS			60934N674	0.01%	9.60	9.60	-
FIRST AMERICAN GOVT OBLIGATION FUND CL D			31846V401	0.01%	11,290,040.60	11,290,040.60	57.76
FIRST AMERICAN GOVT OBLIGATION FUND CL Y			31846V203	0.01%	1,038,583.36	1,038,583.36	5.21
FIRST AMERICAN PRIME OBLIGATION FUND CL D			31846V708	0.02%	10,012,804.01	10,012,804.01	136.26
FIRST AMERICAN PRIME OBLIGATION FUND CL Z			31846V625	0.19%	10,279,846.70	10,279,846.70	1,170.94
FIRST AMERICAN TREAS OBLIGATION FUND CL D			31846V302	0.00%	451,122.23	451,122.23	0.42
GOLDMAN SACHS FIN SQ MMKT			38143H209	0.01%	1,742,029.09	1,742,029.09	130.63
INVESCO STIT TREASURY PORTFOLIO			825252570	0.10%	620,529.79	620,529.79	-
US BANK MMKT 5 -CT			9AMMF05B2	0.02%	3,744,131.89	3,744,131.89	63.60
WELLS FARGO ADVANTAGE TREASURY PLUS			94975H320	0.00%	20,251,402.33	20,251,402.33	163.84
<b>SUB-TOTAL MONEY MARKET FUNDS</b>					<u>59,435,110.63</u>	<u>59,435,110.63</u>	<u>1,728.66</u>
<b>INVESTMENT AGREEMENTS</b>							
NATIXIS FUNDING CORP.	11/22/05	01/17/17		5.005%	14,190,214.85	14,190,214.85	-
<b>SUB-TOTAL INVESTMENT AGREEMENTS</b>					<u>14,190,214.85</u>	<u>14,190,214.85</u>	<u>-</u>
<b>US TREASURIES</b>							
U.S. TREASURY BOND	06/01/95	11/15/18	912810EB0	9.00%	2,558,237.10	2,733,861.91	25,301.25
U.S. TREASURY STRIPPED	11/15/96	11/15/18	912803AP8	0.00%	10,458.00	67,516.40	-
U.S. TREASURY STRIPPED	06/01/95	11/15/18	912833KT6	0.00%	43,923.12	283,013.22	-
<b>SUB-TOTAL US TREASURIES</b>					<u>2,612,618.22</u>	<u>3,084,391.53</u>	<u>25,301.25</u>
<b>GOVERNMENT SECURITIES</b>							
FED NATL MTG ASSN DISC NTS	06/22/00	09/01/16	31364KQG8	0.00%	12,318,576.23	25,872,602.89	-
FED NATL MTG ASSN DISC NTS	06/22/00	09/01/21	31364KQH6	0.00%	33,915,351.89	72,687,496.10	-
<b>SUB-TOTAL US GOVERNMENT SECURITIES</b>					<u>46,233,928.12</u>	<u>98,560,098.99</u>	<u>-</u>
<b>TOTAL OF INVESTMENTS WITH TRUSTEES</b>					<u>\$ 122,471,871.82</u>	<u>\$ 175,269,816.00</u>	<u>\$ 27,029.91</u>
					-	-	-

JOHN WAYNE AIRPORT  
INVESTMENT WITH TRUSTEE  
FOR THE MONTH ENDED **DECEMBER 2015**

Prepared by: Katherine Buranday  
Date: 1/8/2016

Trust Officer: Linda Verstuyft  
Phone No. (213) 533-8747

Type of Investment / Interest Rate	Maturity	Reserve Fund		Principal Acct.		Interest Acct.		Cost of Issuance Acct.	
		Market	Cost	Market	Cost	Market	Cost	Market	Cost
<b><u>2009A AIRPORT REVENUE BONDS</u></b>									
US Bank Mmkt 5 - Ct (Note 1) Interest Rate: 0.02% 9AMMF05B2		\$0.00	\$0.00	\$797,527.04	\$797,527.04	\$1,547,264.92	\$1,547,264.92	\$0.00	\$0.00
First American Gov't Obligation Fund - Y (Note 2) Interest Rate: 0.01% 31846V203		34,398.47	34,398.47						
U.S. Treasury Note - Rate: 0.875% - Yield: 0.420% Dated: 3/31/2015 Par Value: \$4,350,000.00 Premium: \$28,708.56 Accrued Interest: \$11,188.99 CUSIP: 912828VW7	9/15/2016	4,355,437.50	4,378,708.56						
		\$4,389,835.97	\$4,413,107.03	\$797,527.04	\$797,527.04	\$1,547,264.92	\$1,547,264.92	\$0.00	\$0.00
<b><u>2009B AIRPORT REVENUE BONDS</u></b>									
US Bank Mmkt 5 - Ct (Note 1) Interest Rate: 0.02% 9AMMF05B2		\$0.00	\$0.00	\$2,967,600.53	\$2,967,600.53	\$3,542,820.04	\$3,542,820.04	\$0.00	\$0.00
First American Gov't Obligation Fund - Y (Note 2) Interest Rate: 0.01% 31846V203		198,744.18	198,744.18						
U.S. Treasury Note - Rate: 0.5% - Yield: 0.68% Dated: 12/31/2015 Par Value: \$9,359,000.00 Discount: \$12,568.20 Accrued Interest: \$0.00 CUSIP: 912828F47	9/30/2016	9,344,025.60	9,346,431.80						
		\$9,542,769.78	\$9,545,175.98	\$2,967,600.53	\$2,967,600.53	\$3,542,820.04	\$3,542,820.04	\$0.00	\$0.00

**WELLS FARGO BANK**

Cash - Market Rate and Checking Account      N/A      \$6,972,955.63      \$6,972,955.63  
(Interest rate is variable)

(Note 1): US Bank money market deposit account - Interest rate is variable.  
(Note 2): First American Government Obligation Fund - Y - Interest rate is variable.

Orange County Treasurer-Tax Collector  
 Portfolio Holdings of Debt Issued by Pool Participants  
 For the Month Ended December 31, 2015

	<u>Purchase Date</u>	<u>Maturity</u>	<u>Yield</u>	<u>S&amp;P Rating</u>	<u>Purchase Amount</u>	<u>Account Held In</u>	<u>Current Outstanding</u>	<u>Market Value**</u>
<u>COUNTY OF ORANGE</u>								
Taxable Pension Obligation Bonds, 2015 Series A	1/13/2015	6/30/2016	0.80%	AA	\$ 25,000,000	Extended Fund *	\$ 25,000,000	\$ 25,025,500
					<u>\$ 25,000,000</u>		<u>\$ 25,000,000</u>	<u>\$ 25,025,500</u>

\* Percentage breakdown of Extended Fund ownership:  
 Orange County Investment Pool - 49.88%  
 Orange County Educational Investment Pool - 50.12%

\*\*Market values provided by Bloomberg and Northern Trust

Orange County Treasurer-Tax Collector  
Temporary Transfers to School Districts\*\*  
Fiscal Years 2011/2012 through 2015/2016

Temporary Transfer-from OCEIP	Transfer Date	Maturity	Int Rate*	Original Amount		Principal Paydown	Principal Outstanding
Anaheim Union High	4/30/2012	10/31/2012	0.56%	\$ 55,000,000	Educational Money Market Fund	\$ 55,000,000	\$ -
Anaheim Union High	10/10/2012	1/31/2013	0.44%	15,000,000	Educational Money Market Fund	15,000,000	-
Anaheim Union High	2/28/2013	8/31/2013	0.38%	47,000,000	Educational Money Market Fund	47,000,000	-
Anaheim Union High	4/28/2014	7/31/2014	0.47%	26,000,000	Educational Money Market Fund	26,000,000	-
Anaheim Union High	10/23/2015	12/31/2015	0.76%	17,000,000	Educational Money Market Fund	17,000,000	-
Anaheim City	4/29/2013	8/31/2013	0.38%	14,700,000	Educational Money Market Fund	14,700,000	-
Anaheim City	9/9/2013	12/31/2013	0.34%	12,000,000	Educational Money Market Fund	12,000,000	-
Anaheim City	4/28/2014	7/31/2014	0.47%	12,000,000	Educational Money Market Fund	12,000,000	-
Anaheim City	8/1/2014	12/31/2014	0.46%	12,000,000	Educational Money Market Fund	12,000,000	-
Anaheim City	8/3/2015	12/31/2015	0.76%	10,000,000	Educational Money Market Fund	10,000,000	-
Brea Olinda	4/30/2012	10/31/2012	0.56%	3,000,000	Educational Money Market Fund	3,000,000	-
Capistrano Unified	4/29/2013	7/31/2013	0.36%	15,000,000	Educational Money Market Fund	15,000,000	-
Capistrano Unified	8/9/2013	12/31/2013	0.34%	55,000,000	Educational Money Market Fund	55,000,000	-
Capistrano Unified	10/1/2014	12/31/2014	0.46%	25,000,000	Educational Money Market Fund	25,000,000	-
Capistrano Unified	10/9/2015	4/30/2016	0.76%	40,000,000	Educational Money Market Fund	-	40,000,000
Fullerton Joint Union High	4/30/2012	10/31/2012	0.56%	15,000,000	Educational Money Market Fund	15,000,000	-
Fullerton Joint Union High	4/29/2013	8/31/2013	0.38%	15,000,000	Educational Money Market Fund	15,000,000	-
La Habra City	4/30/2012	10/31/2012	0.56%	4,000,000	Educational Money Market Fund	4,000,000	-
La Habra City	4/10/2013	8/31/2013	0.38%	4,000,000	Educational Money Market Fund	4,000,000	-
La Habra City	4/28/2014	7/31/2014	0.47%	2,000,000	Educational Money Market Fund	2,000,000	-
Ocean View	4/29/2013	8/31/2013	0.38%	3,000,000	Educational Money Market Fund	3,000,000	-
Placentia Yorba-Linda	10/10/2012	1/31/2013	0.44%	20,000,000	Educational Money Market Fund	20,000,000	-
Placentia Yorba-Linda	2/28/2013	8/31/2013	0.38%	40,000,000	Educational Money Market Fund	40,000,000	-
Santa Ana Unified	4/30/2012	10/31/2012	0.56%	70,000,000	Educational Money Market Fund	70,000,000	-
Santa Ana Unified	4/15/2013	8/31/2013	0.38%	45,000,000	Educational Money Market Fund	45,000,000	-
Santa Ana Unified	4/28/2014	7/31/2014	0.47%	35,000,000	Educational Money Market Fund	35,000,000	-
Savanna School District	11/2/2015	1/6/2016	0.76%	1,000,000	Educational Money Market Fund	-	1,000,000
<b>Total Temporary Transfers</b>				<b>\$ 612,700,000</b>		<b>\$ 571,700,000</b>	<b>\$ 41,000,000</b>

\* Int Rate is the Educational Investment Pool monthly apportionment gross yield for the last active month plus 10 basis points.

\*\* Temporary Transfers are authorized by California Constitution Article XVI, and OC Board of Supervisors Resolutions 11-195, 13-016 and 15-016.  
These transactions are reported in the County's books as Due to/From other Governmental Entities within the School Fund #650.



# County of Orange Treasurer-Tax Collector's Office Detail Transaction Report

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
751699	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.2450 / 0.2450					
				12/1/2015	12/1/2015	INT		0.00	0.00	0.00	(3,419.58)	3,419.58
				12/1/2015	12/1/2015	MAT		(15,000,000.00)	(15,000,000.00)	0.00	0.00	15,000,000.00
806973	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.0400 / 0.0400					
				12/1/2015	12/1/2015	MAT		(20,000,000.00)	(19,998,800.00)	0.00	(1,200.00)	20,000,000.00
807036	FHLB DISC CORP	/MORGAN STANLEY	AGDN				0.0400 / 0.0400					
				12/1/2015	12/1/2015	MAT		(25,000,000.00)	(24,998,527.78)	0.00	(1,472.22)	25,000,000.00
814132	FNMA DISCOUNT	/UBS FINANCIAL SERVICES	AGDN				0.0500 / 0.0500					
				12/1/2015	12/1/2015	MAT		(3,000,000.00)	(2,999,950.00)	0.00	(50.00)	3,000,000.00
767589	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1500 / 0.1576					
				3/2/2016	12/2/2015	INT		0.00	0.00	0.00	(5,687.50)	5,687.50
767597	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1269 / 0.1296					
				3/2/2016	12/2/2015	INT		0.00	0.00	0.00	(2,466.67)	2,466.67
815978	FHLB DISC CORP	/UBS FINANCIAL SERVICES	AGDN				0.1200 / 0.1200					
				1/6/2016	12/2/2015	PURC		11,160,000.00	11,158,698.00	0.00	0.00	(11,158,698.00)
805634	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0900 / 0.0900					
				12/3/2015	12/3/2015	MAT		(1,100,000.00)	(1,099,826.75)	0.00	(173.25)	1,100,000.00
805925	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.0700 / 0.0700					
				12/3/2015	12/3/2015	MAT		(20,000,000.00)	(19,997,588.89)	0.00	(2,411.11)	20,000,000.00
805926	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.0700 / 0.0700					
				12/3/2015	12/3/2015	MAT		(5,000,000.00)	(4,999,397.22)	0.00	(602.78)	5,000,000.00
806122	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.0750 / 0.0750					
				12/3/2015	12/3/2015	MAT		(9,000,000.00)	(8,998,893.75)	0.00	(1,106.25)	9,000,000.00
816179	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.0900 / 0.0900					
				12/16/2015	12/3/2015	PURC		14,711,000.00	14,710,521.89	0.00	0.00	(14,710,521.89)

# County of Orange Treasurer-Tax Collector's Office Detail Transaction Report

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
816439	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1000 / 0.1000					
				12/16/2015	12/4/2015	PURC		45,100,000.00	45,098,496.68	0.00	0.00	(45,098,496.67)
816440	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1000 / 0.1000					
				12/16/2015	12/4/2015	PURC		50,000,000.00	49,998,333.35	0.00	0.00	(49,998,333.33)
790217	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.3384 / 0.3384					
				1/7/2016	12/7/2015	INT		0.00	0.00	0.00	(1,340.69)	1,340.69
816478	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0800 / 0.0800					
				12/16/2015	12/7/2015	PURC		10,900,000.00	10,899,782.00	0.00	0.00	(10,899,782.00)
816762	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.0840 / 0.0840					
				12/16/2015	12/8/2015	PURC		3,000,000.00	2,999,944.00	0.00	0.00	(2,999,944.00)
816763	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.1000 / 0.1000					
				12/18/2015	12/8/2015	PURC		21,510,000.00	21,509,402.50	0.00	0.00	(21,509,402.50)
816764	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.0700 / 0.0700					
				12/17/2015	12/8/2015	PURC		50,000,000.00	49,999,125.00	0.00	0.00	(49,999,125.00)
816766	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.0700 / 0.0700					
				12/17/2015	12/8/2015	PURC		50,000,000.00	49,999,125.00	0.00	0.00	(49,999,125.00)
816767	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.0700 / 0.0700					
				12/17/2015	12/8/2015	PURC		50,000,000.00	49,999,125.00	0.00	0.00	(49,999,125.00)
816768	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.0650 / 0.0650					
				12/17/2015	12/8/2015	PURC		50,000,000.00	49,999,187.50	0.00	0.00	(49,999,187.50)
817140	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0700 / 0.0700					
				12/16/2015	12/9/2015	PURC		50,000,000.00	49,999,319.45	0.00	0.00	(49,999,319.44)
817141	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0700 / 0.0700					
				12/16/2015	12/9/2015	PURC		50,000,000.00	49,999,319.45	0.00	0.00	(49,999,319.44)
817142	FREDDIE DISCOUNT	/DEUTSCHE	AGDN				0.0600 / 0.0600					

# County of Orange Treasurer-Tax Collector's Office Detail Transaction Report

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
817143	FHLB DISC CORP	/BANK OF AMERICA	AGDN	12/18/2015	12/9/2015	PURC	0.1000 / 0.1000	25,000,000.00	24,999,625.00	0.00	0.00	(24,999,625.00)
817144	ROYAL BANK OF CANADA NY	/RBC	YCDF	12/18/2015	12/9/2015	PURC	0.4186 / 0.3300	2,156,000.00	2,155,946.10	0.00	0.00	(2,155,946.10)
817145	FED HM LN BK BD	/JP MORGAN CHASE & CO	AGNF1	1/7/2016	12/9/2015	PURC	0.2300 / 0.1600	10,000,000.00	10,000,946.06	0.00	0.00	(10,000,946.06)
817411	U.S. TREAS MMF - NT - COUNTY MMF	/	NTSWEEPMM F	12/18/2015	12/9/2015	PURC	0.0100 / 0.0100	9,000,000.00	9,009,989.64	0.00	0.00	(9,009,989.64)
817386	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN	12/10/2015	12/9/2015	PURC	0.0500 / 0.0500	24,999,625.00	24,999,625.00	0.00	0.00	(24,999,625.00)
817387	FHLB DISC CORP	/DEUTSCHE	AGDN	12/16/2015	12/10/2015	PURC	0.0500 / 0.0500	30,000,000.00	29,999,750.01	0.00	0.00	(29,999,750.00)
817388	FED FARM CR BK	/DEUTSCHE	AGDN	12/16/2015	12/10/2015	PURC	0.0800 / 0.0800	8,000,000.00	7,999,933.33	0.00	0.00	(7,999,933.33)
817389	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN	12/17/2015	12/10/2015	PURC	0.4000 / 0.4003	20,000,000.00	19,999,688.88	0.00	0.00	(19,999,688.89)
817411	U.S. TREAS MMF - NT - COUNTY MMF	/	NTSWEEPMM F	2/12/2016	12/10/2015	PURC	0.0100 / 0.0100	12,200,000.00	12,191,324.45	0.00	0.00	(12,191,324.44)
				12/10/2015	12/10/2015	INT		0.00	0.00	0.00	(6.85)	6.85
				12/10/2015	12/10/2015	MAT		(24,999,625.00)	(24,999,625.00)	0.00	0.00	24,999,625.00
817635	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.0500 / 0.0500					
817636	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN	12/15/2015	12/11/2015	PURC	0.0740 / 0.0740	39,345,000.00	39,344,781.44	0.00	0.00	(39,344,781.42)
817903	FREDDIE DISCOUNT	/FTN FINANCIAL	AGDN	12/15/2015	12/11/2015	PURC	0.4700 / 0.4708	8,000,000.00	7,999,934.22	0.00	0.00	(7,999,934.22)

# County of Orange Treasurer-Tax Collector's Office Detail Transaction Report

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
				4/21/2016	12/14/2015	PURC		50,000,000.00	49,915,791.65	0.00	0.00	(49,915,791.67)
817904	JOHNSON & JOHNSON	/RBC	MTN				2.1500 / 0.5536					
				5/15/2016	12/14/2015	PURC		4,600,000.00	4,630,569.62	7,966.94	0.00	(4,638,536.56)
754510	FED HM LN BK BD	/JP MORGAN CHASE & CO	AGNF1				0.2700 / 0.2939					
				12/15/2015	12/15/2015	INT		0.00	0.00	0.00	(6,750.00)	6,750.00
				12/15/2015	12/15/2015	MAT		( 5,000,000.00)	( 4,998,810.00)	0.00	(1,190.00)	5,000,000.00
813267	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.0600 / 0.0600					
				12/15/2015	12/15/2015	MAT		(13,127,000.00)	(13,126,365.53)	0.00	(634.47)	13,127,000.00
817635	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.0500 / 0.0500					
				12/15/2015	12/15/2015	MAT		(39,345,000.00)	(39,344,781.42)	0.00	(218.58)	39,345,000.00
817636	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.0740 / 0.0740					
				12/15/2015	12/15/2015	MAT		(8,000,000.00)	(7,999,934.22)	0.00	(65.78)	8,000,000.00
818064	FARM CREDIT DISCOUNT NOTE	/BARCLAYS CAPITAL	AGDN				0.5100 / 0.5111					
				5/9/2016	12/15/2015	PURC		25,000,000.00	24,948,291.68	0.00	0.00	(24,948,291.67)
818065	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.2600 / 0.2601					
				1/29/2016	12/15/2015	PURC		21,370,000.00	21,363,054.75	0.00	0.00	(21,363,054.75)
806974	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0750 / 0.0750					
				12/16/2015	12/16/2015	MAT		(10,000,000.00)	(9,998,562.50)	0.00	(1,437.50)	10,000,000.00
813556	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.0400 / 0.0400					
				12/16/2015	12/16/2015	MAT		(50,000,000.00)	(49,998,388.89)	0.00	(1,611.11)	50,000,000.00
816179	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.0900 / 0.0900					
				12/16/2015	12/16/2015	MAT		(14,711,000.00)	(14,710,521.89)	0.00	(478.11)	14,711,000.00
816439	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1000 / 0.1000					
				12/16/2015	12/16/2015	MAT		(45,100,000.00)	(45,098,496.67)	0.00	(1,503.33)	45,100,000.00
816440	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1000 / 0.1000					
				12/16/2015	12/16/2015	MAT		(50,000,000.00)	(49,998,333.33)	0.00	(1,666.67)	50,000,000.00

# County of Orange Treasurer-Tax Collector's Office Detail Transaction Report

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
816478	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0800 / 0.0800					
				12/16/2015	12/16/2015	MAT		(10,900,000.00)	(10,899,782.00)	0.00	(218.00)	10,900,000.00
816762	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.0840 / 0.0840					
				12/16/2015	12/16/2015	MAT		(3,000,000.00)	(2,999,944.00)	0.00	(56.00)	3,000,000.00
817140	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0700 / 0.0700					
				12/16/2015	12/16/2015	MAT		(50,000,000.00)	(49,999,319.44)	0.00	(680.56)	50,000,000.00
817141	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0700 / 0.0700					
				12/16/2015	12/16/2015	MAT		(50,000,000.00)	(49,999,319.44)	0.00	(680.56)	50,000,000.00
817386	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN				0.0500 / 0.0500					
				12/16/2015	12/16/2015	MAT		(30,000,000.00)	(29,999,750.00)	0.00	(250.00)	30,000,000.00
817387	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0500 / 0.0500					
				12/16/2015	12/16/2015	MAT		(8,000,000.00)	(7,999,933.33)	0.00	(66.67)	8,000,000.00
818276	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.4800 / 0.4809					
				4/29/2016	12/16/2015	PURC		25,000,000.00	24,955,000.00	0.00	0.00	(24,955,000.00)
818283	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.3000 / 0.3001					
				1/29/2016	12/16/2015	PURC		1,915,000.00	1,914,297.83	0.00	0.00	(1,914,297.83)
818284	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.2900 / 0.2901					
				1/29/2016	12/16/2015	PURC		1,700,000.00	1,699,397.44	0.00	0.00	(1,699,397.44)
818285	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.2900 / 0.2901					
				1/28/2016	12/16/2015	PURC		5,700,000.00	5,698,025.58	0.00	0.00	(5,698,025.58)
814127	US TREASURY N/B	/DEUTSCHE	TBILL				0.0650 / 0.0650					
				12/17/2015	12/17/2015	MAT		(40,000,000.00)	(39,997,977.78)	0.00	(2,022.22)	40,000,000.00
815405	US TREASURY N/B	/BANK OF AMERICA	TBILL				0.0550 / 0.0550					
				12/17/2015	12/17/2015	MAT		(50,000,000.00)	(49,998,701.39)	0.00	(1,298.61)	50,000,000.00
816764	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.0700 / 0.0700					

**County of Orange**  
**Treasurer-Tax Collector's Office**  
**Detail Transaction Report**

Transaction Date From 01-Dec-2015 To 31-Dec-2015

Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/ Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: County Money Mkt Fnd</b>												
816766	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL	12/17/2015	12/17/2015	MAT	0.0700 / 0.0700	(50,000,000.00)	(49,999,125.00)	0.00	(875.00)	50,000,000.00
816767	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL	12/17/2015	12/17/2015	MAT	0.0700 / 0.0700	(50,000,000.00)	(49,999,125.00)	0.00	(875.00)	50,000,000.00
816768	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL	12/17/2015	12/17/2015	MAT	0.0650 / 0.0650	(50,000,000.00)	(49,999,125.00)	0.00	(875.00)	50,000,000.00
817388	FED FARM CR BK	/DEUTSCHE	AGDN	12/17/2015	12/17/2015	MAT	0.0800 / 0.0800	(50,000,000.00)	(49,999,187.50)	0.00	(812.50)	50,000,000.00
818568	FHLB DISC CORP	/FTN FINANCIAL	AGDN	12/17/2015	12/17/2015	MAT	0.2600 / 0.2601	(20,000,000.00)	(19,999,688.89)	0.00	(311.11)	20,000,000.00
818570	FHLB DISC CORP	/FTN FINANCIAL	AGDN	1/29/2016	12/17/2015	PURC	0.2600 / 0.2601	10,000,000.00	9,996,894.44	0.00	0.00	(9,996,894.44)
818571	FHLB DISC CORP	/DEUTSCHE	AGDN	1/29/2016	12/17/2015	PURC	0.2500 / 0.2501	50,000,000.00	49,984,472.20	0.00	0.00	(49,984,472.22)
818574	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN	1/29/2016	12/17/2015	PURC	0.1500 / 0.1500	50,000,000.00	49,985,069.45	0.00	0.00	(49,985,069.44)
818583	FREDDIE DISCOUNT	/UBS	AGDN	12/18/2015	12/17/2015	PURC	0.1900 / 0.1900	15,000,000.00	14,999,937.50	0.00	0.00	(14,999,937.50)
818584	FHLB DISC CORP	/DEUTSCHE	AGDN	1/12/2016	12/17/2015	PURC	0.1500 / 0.1500	1,600,000.00	1,599,780.44	0.00	0.00	(1,599,780.44)
818585	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN	12/18/2015	12/17/2015	PURC	0.6000 / 0.6018	50,000,000.00	49,999,791.65	0.00	0.00	(49,999,791.67)
770645	FED FARM CR BK	/DEUTSCHE	AGN FLOAT1	6/15/2016	12/17/2015	PURC	0.1270 / 0.1353	10,000,000.00	9,969,833.33	0.00	0.00	(9,969,833.33)
806112	FREDDIE DISCOUNT	/JP MORGAN CHASE & CO	AGDN	4/18/2016	12/18/2015	INT	0.1100 / 0.1100	0.00	0.00	0.00	(1,990.00)	1,990.00
816763	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN	12/18/2015	12/18/2015	MAT	0.1000 / 0.1000	(2,500,000.00)	(2,499,434.72)	0.00	(565.28)	2,500,000.00

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<b>Fund: County Money Mkt Fnd</b>												
817142	FREDDIE DISCOUNT	/DEUTSCHE	AGDN	12/18/2015	12/18/2015	MAT	0.0600 / 0.0600	(21,510,000.00)	(21,509,402.50)	0.00	(597.50)	21,510,000.00
817143	FHLB DISC CORP	/BANK OF AMERICA	AGDN	12/18/2015	12/18/2015	MAT	0.1000 / 0.1000	(25,000,000.00)	(24,999,625.00)	0.00	(375.00)	25,000,000.00
817145	FED HM LN BK BD	/JP MORGAN CHASE & CO	AGNFI	12/18/2015	12/18/2015	MAT	0.2300 / 0.1600	(2,156,000.00)	(2,155,946.10)	0.00	(53.90)	2,156,000.00
				12/18/2015	12/18/2015	INT		0.00	0.00	0.00	(10,350.00)	10,350.00
818574	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN	12/18/2015	12/18/2015	MAT	0.1500 / 0.1500	(9,000,000.00)	(9,009,989.64)	0.00	9,989.64	9,000,000.00
818584	FHLB DISC CORP	/DEUTSCHE	AGDN	12/18/2015	12/18/2015	MAT	0.1500 / 0.1500	(15,000,000.00)	(14,999,937.50)	0.00	(62.50)	15,000,000.00
818807	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN	12/18/2015	12/18/2015	MAT	0.2400 / 0.2400	(50,000,000.00)	(49,999,791.67)	0.00	(208.33)	50,000,000.00
818808	FED FARM CR BK	/UBS	AGDN	1/12/2016	12/18/2015	PURC	0.1500 / 0.1500	12,700,000.00	12,697,883.33	0.00	0.00	(12,697,883.33)
818810	FNMA DISCOUNT	/UBS	AGDN	12/21/2015	12/18/2015	PURC	0.6500 / 0.6535	15,000,000.00	14,999,812.50	0.00	0.00	(14,999,812.50)
818815	US TREASURY N/B	/DEUTSCHE	TBILL	10/11/2016	12/18/2015	PURC	0.1640 / 0.1640	21,652,000.00	21,535,500.20	0.00	0.00	(21,535,500.21)
818816	US TREASURY N/B	/DEUTSCHE	TBILL	1/7/2016	12/18/2015	PURC	0.1670 / 0.1670	18,000,000.00	17,998,360.00	0.00	0.00	(17,998,360.00)
818819	APPLE INC.	/RBC	MTNF	1/7/2016	12/18/2015	PURC	0.3841 / 0.3964	50,000,000.00	49,995,361.10	0.00	0.00	(49,995,361.11)
818820	APPLE INC.	/TD SECURITIES	MTNF	5/3/2016	12/18/2015	PURC	0.3841 / 0.3972	7,915,000.00	7,914,627.36	3,800.19	0.00	(7,918,427.55)
765788	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1	5/3/2016	12/18/2015	PURC	0.1285 / 0.1285	5,000,000.00	4,999,750.00	2,400.63	0.00	(5,002,150.63)
				1/19/2016	12/19/2015	INT		0.00	0.00	0.00	(6,562.50)	6,562.50

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<b>Fund: County Money Mkt Fnd</b>												
798096	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN	FLOAT1			0.2700 / 0.1688					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(2,730.00)	2,730.00
771616	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.2648					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(16,875.00)	16,875.00
				12/21/2015	12/21/2015	MAT		(9,000,000.00)	(9,016,060.59)	0.00	16,060.59	9,000,000.00
782208	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.1834					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(11,250.00)	11,250.00
				12/21/2015	12/21/2015	MAT		(6,000,000.00)	(6,016,073.04)	0.00	16,073.04	6,000,000.00
818808	FED FARM CR BK	/UBS	AGDN				0.1500 / 0.1500					
				12/21/2015	12/21/2015	MAT		(15,000,000.00)	(14,999,812.50)	0.00	(187.50)	15,000,000.00
819050	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN				0.3000 / 0.3001					
				2/8/2016	12/21/2015	PURC		15,000,000.00	14,993,875.01	0.00	0.00	(14,993,875.00)
819051	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.2600 / 0.2601					
				1/29/2016	12/21/2015	PURC		1,200,000.00	1,199,662.00	0.00	0.00	(1,199,662.00)
819382	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/23/2015	12/22/2015	PURC		25,000,000.00	24,999,895.83	0.00	0.00	(24,999,895.83)
819383	FHLB DISC CORP	/TDSI	AGDN				0.2500 / 0.2501					
				1/29/2016	12/22/2015	PURC		25,000,000.00	24,993,402.78	0.00	0.00	(24,993,402.78)
819382	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/23/2015	12/23/2015	MAT		(25,000,000.00)	(24,999,895.83)	0.00	(104.17)	25,000,000.00
819604	JOHNSON & JOHNSON	/MORGAN STANLEY	MTN				2.1500 / 0.6474					
				5/15/2016	12/23/2015	PURC		10,000,000.00	10,058,700.00	22,694.44	0.00	(10,081,394.44)
819619	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.3800 / 0.3804					
				3/28/2016	12/23/2015	PURC		15,000,000.00	14,984,800.01	0.00	0.00	(14,984,800.00)
819620	FNMA DISCOUNT	/DAIWA CAPITAL MARKETS	AGDN				0.5650 / 0.5666					
				6/22/2016	12/23/2015	PURC		30,500,000.00	30,412,880.14	0.00	0.00	(30,412,880.14)



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<b>Fund: County Money Mkt Fnd</b>												
819621	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/24/2015	12/23/2015	PURC		10,000,000.00	9,999,958.33	0.00	0.00	(9,999,958.33)
814129	CHEVRON CORP	/TD SECURITIES	MTN				0.8890 / 0.4524					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(44,450.00)	44,450.00
819621	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/24/2015	12/24/2015	MAT		(10,000,000.00)	(9,999,958.33)	0.00	(41.67)	10,000,000.00
819810	FNMA DISCOUNT	/GOLDMAN SACHS GROUP INC	AGDN				0.5550 / 0.5566					
				6/22/2016	12/24/2015	PURC		15,538,000.00	15,494,642.52	0.00	0.00	(15,494,642.51)
819811	FHLB DISC CORP	/BANK OF AMERICA	AGDN				0.5000 / 0.5010					
				5/20/2016	12/24/2015	PURC		17,000,000.00	16,965,055.57	0.00	0.00	(16,965,055.56)
819814	FREDDIE DISCOUNT	/DEUTSCHE	AGDN				0.4600 / 0.4608					
				5/4/2016	12/24/2015	PURC		17,000,000.00	16,971,326.68	0.00	0.00	(16,971,326.67)
807665	FHLB DISC CORP	/MORGAN STANLEY	AGDN				0.0800 / 0.0800					
				12/28/2015	12/28/2015	MAT		(12,000,000.00)	(11,998,000.00)	0.00	(2,000.00)	12,000,000.00
820021	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.2400 / 0.2401					
				2/12/2016	12/28/2015	PURC		12,000,000.00	11,996,320.00	0.00	0.00	(11,996,320.00)
820022	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.4000 / 0.4005					
				4/18/2016	12/28/2015	PURC		15,000,000.00	14,981,333.33	0.00	0.00	(14,981,333.33)
807669	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.0800 / 0.0800					
				12/29/2015	12/29/2015	MAT		(12,000,000.00)	(11,997,973.33)	0.00	(2,026.67)	12,000,000.00
820247	ROYAL BANK OF CANADA NY	/RBC	YCD				0.8550 / 0.8550					
				6/30/2016	12/29/2015	PURC		10,000,000.00	10,000,000.00	0.00	0.00	(10,000,000.00)
820254	FNMA DISCOUNT	/DAIWA CAPITAL MARKETS	AGDN				0.3500 / 0.3504					
				4/19/2016	12/29/2015	PURC		50,000,000.00	49,945,555.55	0.00	0.00	(49,945,555.56)

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<b>Fund: County Money Mkt Fnd</b>												
820264	FANNIE MAE	/BARCLAYS CAPITAL	AGNF1				0.5000 / 0.4196					
				3/30/2016	12/29/2015	PURC		3,037,000.00	3,041,331.10	0.00	0.00	(3,041,331.10)
813255	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.0850 / 0.0850					
				12/30/2015	12/30/2015	MAT		(35,000,000.00)	(34,996,363.89)	0.00	(3,636.11)	35,000,000.00
808007	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0750 / 0.0750					
				12/31/2015	12/31/2015	MAT		(20,000,000.00)	(19,996,833.33)	0.00	(3,166.67)	20,000,000.00
808877	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.0600 / 0.0600					
				12/31/2015	12/31/2015	MAT		(23,000,000.00)	(22,997,278.33)	0.00	(2,721.67)	23,000,000.00
<b>Sub Total:</b>								<u>241,060,000.00</u>	<u>240,465,575.88</u>	<u>36,862.20</u>	<u>14,884,085.12</u>	<u>(255,386,523.20)</u>
<b>Fund: Extended Fund</b>												
790495	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGNF1				1.1000 / 1.0093					
				6/1/2018	12/1/2015	INT		0.00	0.00	0.00	(104,500.00)	104,500.00
803285	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGNF1				1.1000 / 1.1058					
				6/1/2018	12/1/2015	INT		0.00	0.00	0.00	(110,000.00)	110,000.00
750824	CHEVRON CORP	/MORGAN STANLEY	CALLMTN				1.1040 / 1.3381					
				12/5/2017	12/5/2015	INT		0.00	0.00	0.00	(138,000.00)	138,000.00
783481	JOHNSON & JOHNSON	/MORGAN STANLEY	MTN				1.6500 / 1.2711					
				12/5/2018	12/5/2015	INT		0.00	0.00	0.00	(206,250.00)	206,250.00
796887	JOHNSON & JOHNSON	/JEFFERIES & COMPANY	MTN				1.6500 / 1.4096					
				12/5/2018	12/5/2015	INT		0.00	0.00	0.00	(69,341.25)	69,341.25
797116	MICROSOFT CORP	/DAIWA CAPITAL MARKETS	MTN				1.6250 / 1.4880					
				12/6/2018	12/6/2015	INT		0.00	0.00	0.00	(81,250.00)	81,250.00
797117	MICROSOFT CORP	/JEFFERIES & COMPANY	MTN				1.6250 / 1.4734					
				12/6/2018	12/6/2015	INT		0.00	0.00	0.00	(81,250.00)	81,250.00

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<b>Fund:</b>	<b>Extended Fund</b>											
797357	MICROSOFT CORP	/DAIWA CAPITAL MARKETS	MTN				1.6250 / 1.4596					
				12/6/2018	12/6/2015	INT		0.00	0.00	0.00	(81,250.00)	81,250.00
781217	FED HM LN BK BD	/CASTLE OAK SECURITIES	AGNF1				1.2500 / 1.0800					
				6/8/2018	12/8/2015	INT		0.00	0.00	0.00	(42,187.50)	42,187.50
789023	FED HM LN BK BD	/DAIWA CAPITAL MARKETS	AGNF1				1.2500 / 1.0880					
				6/8/2018	12/8/2015	INT		0.00	0.00	0.00	(131,250.00)	131,250.00
748335	FED HM LN BK BD	/DAIWA CAPITAL MARKETS	AGNF1				1.6250 / 0.6358					
				12/9/2016	12/9/2015	INT		0.00	0.00	0.00	(406,250.00)	406,250.00
753028	FED HM LN BK BD	/DAIWA CAPITAL MARKETS	AGNF1				1.6250 / 0.6504					
				12/9/2016	12/9/2015	INT		0.00	0.00	0.00	(162,500.00)	162,500.00
630251	FED HM LN BK BD	/JEFFERIES & COMPANY	AGNF1				1.3750 / 0.4320					
				12/11/2015	12/11/2015	INT		0.00	0.00	0.00	(68,750.00)	68,750.00
				12/11/2015	12/11/2015	MAT		(10,000,000.00)	(10,279,761.11)	0.00	279,761.11	10,000,000.00
632054	FED HM LN BK BD	/JEFFERIES & COMPANY	AGNF1				1.3750 / 0.4494					
				12/11/2015	12/11/2015	INT		0.00	0.00	0.00	(75,625.00)	75,625.00
				12/11/2015	12/11/2015	MAT		(11,000,000.00)	(11,306,869.75)	0.00	306,869.75	11,000,000.00
666910	FANNIE MAE	/GOLDMAN SACHS GROUP INC	AGNF1				0.3750 / 0.4902					
				12/21/2015	12/11/2015	SALE		( 8,000,000.00)	( 7,978,008.00)	0.00	(126,446.59)	8,014,454.59
666911	FANNIE MAE	/GOLDMAN SACHS GROUP INC	AGNF1				0.3750 / 0.4952					
				12/21/2015	12/11/2015	SALE		(10,000,000.00)	(9,974,965.83)	0.00	(43,102.40)	10,018,068.23
666912	FANNIE MAE	/BNP PARIBAS	AGNF1				0.3750 / 0.4924					
				12/21/2015	12/11/2015	SALE		(10,000,000.00)	(9,975,645.83)	0.00	(42,422.40)	10,018,068.23
817637	FREDDIE MAC	/TD SECURITIES	AGNF1				1.0000 / 1.0519					
				12/15/2017	12/11/2015	PURC		49,000,000.00	48,949,530.00	0.00	0.00	(48,949,530.00)

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<b>Fund:</b>	<b>Extended Fund</b>											
804841	FREDDIE MAC	/CITIGROUP GLOBAL MARKETS	AGNF1				4.8750 / 1.0023					
				6/13/2018	12/13/2015	INT		0.00	0.00	0.00	(780,000.00)	780,000.00
660955	FANNIE MAE	/CITIGROUP GLOBAL MARKETS	AGNF1				0.3750 / 0.5928					
				12/21/2015	12/14/2015	SALE		(15,000,000.00)	(14,919,768.75)	0.00	(107,918.00)	15,027,686.75
666910	FANNIE MAE	/GOLDMAN SACHS GROUP INC	AGNF1				0.3750 / 0.4902					
				12/21/2015	12/14/2015	SALE		( 2,000,000.00)	( 1,994,502.00)	0.00	(9,189.57)	2,003,691.57
811288	FANNIE MAE	/DEUTSCHE	AGNF1				1.1250 / 1.1740					
				12/14/2018	12/14/2015	INT		0.00	0.00	0.00	(64,062.50)	64,062.50
817902	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGNF1				1.1000 / 1.1002					
				3/14/2018	12/14/2015	PURC		24,600,000.00	24,600,000.00	0.00	0.00	(24,600,000.00)
817912	FED HM LN BK BD	/	CALLGOVAGY				0.3750 / 0.3000					
				12/30/2015	12/14/2015	SALE		(5,000,000.00)	5,008,707.17	0.00	0.00	(5,008,707.17)
747530	FANNIE MAE	/MORGAN STANLEY	AGNF1				4.8750 / 0.6363					
				12/15/2016	12/15/2015	INT		0.00	0.00	0.00	(1,218,750.00)	1,218,750.00
764157	WAL-MART STORES INC	/MORGAN STANLEY	MTN				1.9500 / 1.2491					
				12/15/2018	12/15/2015	INT		0.00	0.00	0.00	(94,331.25)	94,331.25
764416	US TREASURY N/B	/BARCLAYS CAPITAL	TRBD				0.8750 / 1.0099					
				6/15/2017	12/15/2015	INT		0.00	0.00	0.00	(175,000.00)	175,000.00
782676	FREDDIE MAC	/DAIWA CAPITAL MARKETS	AGNF1				0.9400 / 0.9400					
				12/19/2017	12/19/2015	INT		0.00	0.00	0.00	(235,000.00)	235,000.00
782971	FREDDIE MAC	/DAIWA CAPITAL MARKETS	AGNF1				0.9400 / 0.9353					
				12/19/2017	12/19/2015	INT		0.00	0.00	0.00	(235,000.00)	235,000.00
814438	FED HM LN BK BD	/TD SECURITIES	AGNF1				1.0000 / 1.0001					
				12/19/2017	12/19/2015	INT		0.00	0.00	0.00	(24,166.67)	24,166.67

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<b>Fund:</b>	<b>Extended Fund</b>											
814439	FED HM LN BK BD	/TD SECURITIES	AGNF1				1.0000 / 1.0001					
				12/19/2017	12/19/2015	INT		0.00	0.00	0.00	(40,277.78)	40,277.78
814440	FED HM LN BK BD	/BARCLAYS CAPITAL	AGNF1				1.0000 / 0.9821					
				12/19/2017	12/19/2015	INT		0.00	0.00	0.00	(8,055.56)	8,055.56
755886	FED HM LN BK BD	/JEFFERIES & COMPANY	CALLGOVAGY				2.0000 / 1.6365					
				12/20/2018	12/20/2015	INT		0.00	0.00	0.00	(500,000.00)	500,000.00
782268	FANNIE MAE	/MORGAN STANLEY	AGNF1				0.8750 / 0.8982					
				12/20/2017	12/20/2015	INT		0.00	0.00	0.00	(218,750.00)	218,750.00
787533	FREDDIE MAC	/DEUTSCHE	STEPGOVAGY				1.0800 / 1.0800					
				6/22/2018	12/22/2015	INT		0.00	0.00	0.00	(270,000.00)	270,000.00
653501	FED HM LN BK BD	/BARCLAYS CAPITAL	AGNF1				0.3750 / 0.4321					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(28,125.00)	28,125.00
653744	FED HM LN BK BD	/MORGAN STANLEY	AGNF1				0.3750 / 0.4709					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(18,750.00)	18,750.00
654002	FED HM LN BK BD	/CRED SUIS SECURITIES	AGNF1				0.3750 / 0.4700					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(18,750.00)	18,750.00
660960	CHEVRON CORP	/BARCLAYS CAPITAL	MTN				0.8890 / 0.8890					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(22,225.00)	22,225.00
661236	CHEVRON CORP	/RBC	MTN				0.8890 / 0.8318					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(22,225.00)	22,225.00
766007	CHEVRON CORP	/MORGAN STANLEY	CALLMTN				1.7180 / 1.4788					
				6/24/2018	12/24/2015	INT		0.00	0.00	0.00	(85,315.88)	85,315.88
767062	CHEVRON CORP	/MORGAN STANLEY	CALLMTN				1.7180 / 1.3950					
				6/24/2018	12/24/2015	INT		0.00	0.00	0.00	(80,711.64)	80,711.64
771341	CHEVRON CORP	/MORGAN STANLEY	CALLMTN				1.7180 / 1.4917					
				6/24/2018	12/24/2015	INT		0.00	0.00	0.00	(59,606.01)	59,606.01
789024	FED FARM CR BK	/RBC	AGNF1				1.2200 / 1.0930					
				6/25/2018	12/25/2015	INT		0.00	0.00	0.00	(219,600.00)	219,600.00

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<b>Fund:</b>	<b>Extended Fund</b>											
803286	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGNF1				1.2200 / 1.1003					
				6/25/2018	12/25/2015	INT		0.00	0.00	0.00	(29,280.00)	29,280.00
644964	FREDDIE MAC	/BNP PARIBAS	AGNF1				1.0000 / 0.7641					
				6/29/2017	12/29/2015	INT		0.00	0.00	0.00	(50,000.00)	50,000.00
764149	FREDDIE MAC	/MORGAN STANLEY	AGNF1				1.0000 / 0.8224					
				6/29/2017	12/29/2015	INT		0.00	0.00	0.00	(85,000.00)	85,000.00
773192	FREDDIE MAC	/MORGAN STANLEY	AGNF1				1.0000 / 0.6672					
				6/29/2017	12/29/2015	INT		0.00	0.00	0.00	(55,000.00)	55,000.00
693754	US TREASURY N/B	/JEFFERIES & COMPANY	TRBD				1.5000 / 0.5521					
				6/30/2016	12/30/2015	INT		0.00	0.00	0.00	(206,250.00)	206,250.00
713537	FED HM LN BK BD	/CASTLE OAK SECURITIES	CALLGOVAGY				0.3750 / 0.3574					
				12/30/2015	12/30/2015	INT		0.00	0.00	0.00	(5,156.25)	5,156.25
				12/30/2015	12/30/2015	MAT		(2,750,000.00)	(2,750,000.00)	0.00		2,750,000.00
709493	US TREASURY N/B	/NOMURA SECURITIES	TRBD				0.2500 / 0.3395					
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(170.77)	170.77
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(31,420.77)	31,420.77
				12/31/2015	12/31/2015	MAT		(25,000,000.00)	(24,960,937.50)	0.00	(39,062.50)	25,000,000.00
710251	US TREASURY N/B	/BARCLAYS CAPITAL	TRBD				0.2500 / 0.3399					
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(170.77)	170.77
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(31,420.77)	31,420.77
				12/31/2015	12/31/2015	MAT		(25,000,000.00)	(24,960,937.50)	0.00	(39,062.50)	25,000,000.00
710252	US TREASURY N/B	/BARCLAYS CAPITAL	TRBD				0.2500 / 0.3444					
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(273.22)	273.22
				12/31/2015	12/31/2015	INT		0.00	0.00	0.00	(50,273.22)	50,273.22
				12/31/2015	12/31/2015	MAT		(40,000,000.00)	(39,934,375.00)	0.00	(65,625.00)	40,000,000.00
820827	US TREASURY N/B	/MORGAN STANLEY	TRBD				2.7500 / 1.1181					
				12/31/2017	12/31/2015	PURC		44,000,000.00	45,416,250.00	0.00	0.00	(45,416,250.00)
820828	US TREASURY N/B	/DEUTSCHE	TRBD				2.7500 / 1.1181					

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<b>Fund:</b>		<b>Extended Fund</b>			12/31/2017	12/31/2015	PURC	50,000,000.00	51,609,375.00	0.00	0.00	(51,609,375.00)	
<b>Sub Total:</b>								<b>(1,150,000.00)</b>	<b>1,556,961.32</b>	<b>0.00</b>	<b>8,473,409.67</b>	<b>(10,030,370.99)</b>	
<b>Fund:</b>		<b>Educational Money Mkt Fnd</b>											
751698	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.2450 / 0.2450						
				12/1/2015	12/1/2015	INT		0.00	0.00	0.00	(1,139.86)	1,139.86	
				12/1/2015	12/1/2015	MAT		(5,000,000.00)	(5,000,000.00)	0.00	0.00	5,000,000.00	
815643	FHLB DISC CORP	/DEUTSCHE	AGDN		1/8/2016	12/1/2015	PURC	0.1300 / 0.1300	11,318,000.00	11,316,446.92	0.00	0.00	(11,316,446.92)
815644	FREDDIE DISCOUNT	/FTN FINANCIAL	AGDN				0.1000 / 0.1000						
				1/4/2016	12/1/2015	PURC		5,000,000.00	4,999,527.78	0.00	0.00	(4,999,527.78)	
815645	FNMA DISCOUNT	/UBS FINANCIAL SERVICES	AGDN				0.0900 / 0.0900						
				1/6/2016	12/1/2015	PURC		7,000,000.00	6,999,370.00	0.00	0.00	(6,999,370.00)	
815646	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.1500 / 0.1500						
				1/15/2016	12/1/2015	PURC		20,000,000.00	19,996,250.00	0.00	0.00	(19,996,250.00)	
815647	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1800 / 0.1800						
				1/25/2016	12/1/2015	PURC		21,000,000.00	20,994,225.00	0.00	0.00	(20,994,225.00)	
815648	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.0800 / 0.0800						
				12/18/2015	12/1/2015	PURC		15,000,000.00	14,999,433.33	0.00	0.00	(14,999,433.33)	
815649	ROYAL BANK OF CANADA NY	/RBC	YCD				0.7700 / 0.7700						
				8/30/2016	12/1/2015	PURC		5,000,000.00	5,000,000.00	0.00	0.00	(5,000,000.00)	
767588	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1500 / 0.1576						
				3/2/2016	12/2/2015	INT		0.00	0.00	0.00	(3,791.67)	3,791.67	
806976	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN				0.0600 / 0.0600						
				12/2/2015	12/2/2015	MAT		(9,000,000.00)	(8,999,175.00)	0.00	(825.00)	9,000,000.00	

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<b>Fund: Educational Money Mkt Fnd</b>												
815975	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.1750 / 0.1750					
				1/22/2016	12/2/2015	PURC		10,000,000.00	9,997,520.83	0.00	0.00	(9,997,520.83)
815976	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0500 / 0.0500					
				12/7/2015	12/2/2015	PURC		50,000,000.00	49,999,652.80	0.00	0.00	(49,999,652.78)
815977	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.2000 / 0.2001					
				1/29/2016	12/2/2015	PURC		11,153,000.00	11,149,406.26	0.00	0.00	(11,149,406.26)
815979	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.1600 / 0.1600					
				12/31/2015	12/2/2015	PURC		25,000,000.00	24,996,777.78	0.00	0.00	(24,996,777.78)
803840	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.1200 / 0.1200					
				12/3/2015	12/3/2015	MAT		(8,000,000.00)	(7,998,080.00)	0.00	(1,920.00)	8,000,000.00
816178	FHLB DISC CORP	/DEUTSCHE	AGDN				0.1500 / 0.1500					
				1/4/2016	12/3/2015	PURC		50,000,000.00	49,993,333.35	0.00	0.00	(49,993,333.33)
807389	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.0600 / 0.0600					
				12/4/2015	12/4/2015	MAT		(7,000,000.00)	(6,999,393.33)	0.00	(606.67)	7,000,000.00
816424	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.2000 / 0.2000					
				1/7/2016	12/4/2015	PURC		8,000,000.00	7,998,488.89	0.00	0.00	(7,998,488.89)
790216	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.3384 / 0.3384					
				1/7/2016	12/7/2015	INT		0.00	0.00	0.00	(4,022.08)	4,022.08
815976	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0500 / 0.0500					
				12/7/2015	12/7/2015	MAT		(50,000,000.00)	(49,999,652.78)	0.00	(347.22)	50,000,000.00
810578	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.0640 / 0.0640					
				12/14/2015	12/8/2015	SALE		(15,000,000.00)	(14,998,773.33)	0.00	(976.67)	14,999,750.00
806977	FHLB DISC CORP	/BANK OF AMERICA	AGDN				0.0550 / 0.0550					
				12/9/2015	12/9/2015	MAT		(7,000,000.00)	(6,999,336.94)	0.00	(663.06)	7,000,000.00
806978	FNMA DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.0550 / 0.0550					
				12/9/2015	12/9/2015	MAT		(3,000,000.00)	(2,999,715.83)	0.00	(284.17)	3,000,000.00



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<b>Fund: Educational Money Mkt Fnd</b>												
810848	FED FARM CR BK	/CASTLE OAK SECURITIES	AGN FLOAT1				0.1512 / 0.1016					
				12/9/2015	12/9/2015	INT		0.00	0.00	0.00	(1,831.94)	1,831.94
				12/9/2015	12/9/2015	MAT		(5,000,000.00)	(5,001,345.83)	0.00	1,345.83	5,000,000.00
810578	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.0640 / 0.0640					
				12/14/2015	12/10/2015	SALE		( 4,000,000.00)	( 3,999,672.89)	0.00	(304.89)	3,999,977.78
812551	US TREASURY N/B	/JEFFERIES & COMPANY	TBILL				0.0500 / 0.0500					
				12/10/2015	12/10/2015	MAT		(14,000,000.00)	(13,999,416.67)	0.00	(583.33)	14,000,000.00
812861	US TREASURY N/B	/JEFFERIES & COMPANY	TBILL				0.0750 / 0.0750					
				12/10/2015	12/10/2015	MAT		(50,000,000.00)	(49,997,083.33)	0.00	(2,916.67)	50,000,000.00
817391	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.4186 / 0.3300					
				1/7/2016	12/10/2015	PURC		5,000,000.00	5,000,518.82	0.00	0.00	(5,000,518.82)
817905	US TREASURY N/B	/JP MORGAN CHASE & CO	TBILL				0.1800 / 0.1800					
				12/31/2015	12/14/2015	PURC		10,000,000.00	9,999,150.00	0.00	0.00	(9,999,150.00)
806118	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.0850 / 0.0850					
				12/15/2015	12/15/2015	MAT		(4,903,000.00)	(4,902,178.07)	0.00	(821.93)	4,903,000.00
782217	FED FARM CR BK	/DEUTSCHE	AGNF1				4.8750 / 0.1835					
				12/16/2015	12/16/2015	INT		0.00	0.00	0.00	(70,687.50)	70,687.50
				12/16/2015	12/16/2015	MAT		(2,900,000.00)	(3,038,264.70)	0.00	138,264.70	2,900,000.00
818269	FED FARM CR BK	/BARCLAYS CAPITAL	AGDN				0.5100 / 0.5110					
				5/6/2016	12/16/2015	PURC		25,000,000.00	24,949,708.33	0.00	0.00	(24,949,708.33)
818275	FREDDIE DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.4500 / 0.4506					
				4/8/2016	12/16/2015	PURC		20,000,000.00	19,971,500.00	0.00	0.00	(19,971,500.00)
818277	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN				0.3375 / 0.3377					
				2/10/2016	12/16/2015	PURC		5,000,000.00	4,997,375.00	0.00	0.00	(4,997,375.00)
818278	FED FARM CR BK	/JEFFERIES & COMPANY	AGDN				0.7200 / 0.7239					
				9/12/2016	12/16/2015	PURC		11,500,000.00	11,437,670.00	0.00	0.00	(11,437,670.00)

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<b>Fund: Educational Money Mkt Fnd</b>												
818279	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.4500 / 0.4507					
				4/15/2016	12/16/2015	PURC		10,480,000.00	10,464,149.00	0.00	0.00	(10,464,149.00)
818280	FREDDIE DISCOUNT	/RBC	AGDN				0.4800 / 0.4809					
				4/29/2016	12/16/2015	PURC		50,000,000.00	49,910,000.00	0.00	0.00	(49,910,000.00)
818281	FHLB DISC CORP	/DAIWA	AGDN				0.3375 / 0.3377					
				2/10/2016	12/16/2015	PURC		25,000,000.00	24,986,875.00	0.00	0.00	(24,986,875.00)
818282	FNMA DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.3300 / 0.3302					
				2/8/2016	12/16/2015	PURC		8,300,000.00	8,295,891.50	0.00	0.00	(8,295,891.50)
818286	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.3100 / 0.3101					
				1/29/2016	12/16/2015	PURC		15,000,000.00	14,994,316.67	0.00	0.00	(14,994,316.67)
818288	FHLB DISC CORP	/CASTLE OAK SECURITIES	AGDN				0.2000 / 0.2000					
				12/28/2015	12/16/2015	PURC		30,000,000.00	29,997,999.99	0.00	0.00	(29,998,000.00)
818289	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.4700 / 0.4708					
				4/21/2016	12/16/2015	PURC		10,000,000.00	9,983,419.44	0.00	0.00	(9,983,419.44)
818290	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.4700 / 0.4708					
				4/22/2016	12/16/2015	PURC		10,000,000.00	9,983,288.89	0.00	0.00	(9,983,288.89)
818291	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.2000 / 0.2000					
				12/18/2015	12/16/2015	PURC		5,000,000.00	4,999,944.44	0.00	0.00	(4,999,944.44)
818297	FHLB DISC CORP	/DEUTSCHE	AGDN				0.5600 / 0.5614					
				5/20/2016	12/16/2015	PURC		5,500,000.00	5,486,653.33	0.00	0.00	(5,486,653.33)
818299	FNMA DISCOUNT	/DAIWA CAPITAL MARKETS	AGDN				0.3800 / 0.3803					
				3/1/2016	12/16/2015	PURC		10,000,000.00	9,991,977.78	0.00	0.00	(9,991,977.78)
818300	FNMA DISCOUNT	/DAIWA CAPITAL MARKETS	AGDN				0.3800 / 0.3803					
				3/1/2016	12/16/2015	PURC		10,000,000.00	9,991,977.78	0.00	0.00	(9,991,977.78)

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<b>Fund: Educational Money Mkt Fnd</b>												
818307	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.2050 / 0.2050					
				12/31/2015	12/16/2015	PURC		25,000,000.00	24,997,864.58	0.00	0.00	(24,997,864.58)
818310	US TREASURY N/B	/CITIGROUP GLOBAL MARKETS	TRBD				0.3750 / 0.3207					
				3/31/2016	12/16/2015	PURC		50,000,000.00	50,007,812.50	39,446.72	0.00	(50,047,259.22)
818311	US TREASURY N/B	/RBC	TRBD				1.0000 / 0.7214					
				9/30/2016	12/16/2015	PURC		25,000,000.00	25,054,687.50	52,595.63	0.00	(25,107,283.13)
818317	FREDDIE DISCOUNT	/DAIWA CAPITAL MARKETS	AGDN				0.4500 / 0.4506					
				4/8/2016	12/16/2015	PURC		25,000,000.00	24,964,375.00	0.00	0.00	(24,964,375.00)
818563	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.2600 / 0.2601					
				1/29/2016	12/17/2015	PURC		19,695,000.00	19,688,883.62	0.00	0.00	(19,688,883.61)
818564	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.2600 / 0.2601					
				1/29/2016	12/17/2015	PURC		25,000,000.00	24,992,236.10	0.00	0.00	(24,992,236.11)
818565	FHLB DISC CORP	/CASTLE OAK SECURITIES	AGDN				0.2600 / 0.2601					
				1/29/2016	12/17/2015	PURC		25,000,000.00	24,992,236.10	0.00	0.00	(24,992,236.11)
818566	FREDDIE DISCOUNT	/GOLDMAN SACHS GROUP INC	AGDN				0.2600 / 0.2601					
				2/10/2016	12/17/2015	PURC		5,185,000.00	5,182,940.40	0.00	0.00	(5,182,940.40)
818567	FHLB DISC CORP	/DEUTSCHE	AGDN				0.2500 / 0.2501					
				1/29/2016	12/17/2015	PURC		50,000,000.00	49,985,069.45	0.00	0.00	(49,985,069.44)
818569	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.5000 / 0.5010					
				5/10/2016	12/17/2015	PURC		15,000,000.00	14,969,791.67	0.00	0.00	(14,969,791.67)
818572	FHLB DISC CORP	/CASTLE OAK SECURITIES	AGDN				0.3350 / 0.3352					
				2/10/2016	12/17/2015	PURC		25,000,000.00	24,987,204.85	0.00	0.00	(24,987,204.86)
818573	FREDDIE DISCOUNT	/DEUTSCHE	AGDN				0.5200 / 0.5210					
				5/2/2016	12/17/2015	PURC		14,000,000.00	13,972,295.55	0.00	0.00	(13,972,295.56)
818575	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.2700 / 0.2701					
				1/20/2016	12/17/2015	PURC		10,200,000.00	10,197,399.00	0.00	0.00	(10,197,399.00)

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<b>Fund: Educational Money Mkt Fnd</b>												
818576	FNMA DISCOUNT	/UBS	AGDN	1/4/2016	12/17/2015	PURC	0.1800 / 0.1800	37,760,000.00	37,756,601.60	0.00	0.00	(37,756,601.60)
818577	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN	3/30/2016	12/17/2015	PURC	0.4600 / 0.4606	5,185,000.00	5,178,109.71	0.00	0.00	(5,178,109.71)
818578	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN	1/26/2016	12/17/2015	PURC	0.2700 / 0.2701	8,900,000.00	8,897,330.00	0.00	0.00	(8,897,330.00)
818579	FHLB DISC CORP	/DEUTSCHE	AGDN	1/15/2016	12/17/2015	PURC	0.2500 / 0.2501	15,000,000.00	14,996,979.17	0.00	0.00	(14,996,979.17)
818582	US TREASURY N/B	/DEUTSCHE	TBILL	1/14/2016	12/17/2015	PURC	0.1500 / 0.1500	50,000,000.00	49,994,166.65	0.00	0.00	(49,994,166.67)
770646	FED FARM CR BK	/DEUTSCHE	AGN FLOAT1	4/18/2016	12/18/2015	INT	0.1270 / 0.1353	0.00	0.00	0.00	(1,865.63)	1,865.63
815648	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN	12/18/2015	12/18/2015	MAT	0.0800 / 0.0800	(15,000,000.00)	(14,999,433.33)	0.00	(566.67)	15,000,000.00
818291	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN	12/18/2015	12/18/2015	MAT	0.2000 / 0.2000	(5,000,000.00)	(4,999,944.44)	0.00	(55.56)	5,000,000.00
818809	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN	12/21/2015	12/18/2015	PURC	0.1500 / 0.1500	50,000,000.00	49,999,375.00	0.00	0.00	(49,999,375.00)
818811	FHLB DISC CORP	/DEUTSCHE	AGDN	1/29/2016	12/18/2015	PURC	0.2500 / 0.2501	15,000,000.00	14,995,625.00	0.00	0.00	(14,995,625.00)
818812	FHLB DISC CORP	/GOLDMAN SACHS GROUP INC	AGDN	1/29/2016	12/18/2015	PURC	0.2700 / 0.2701	6,300,000.00	6,298,015.50	0.00	0.00	(6,298,015.50)
818813	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN	1/29/2016	12/18/2015	PURC	0.2600 / 0.2601	6,700,000.00	6,697,967.67	0.00	0.00	(6,697,967.67)
818814	FREDDIE DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.2300 / 0.2300					

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<b>Fund: Educational Money Mkt Fnd</b>												
				1/11/2016	12/18/2015	PURC		15,000,000.00	14,997,700.01	0.00	0.00	(14,997,700.00)
818817	APPLE INC.	/TD SECURITIES	MTNF				0.3841 / 0.3972					
				5/3/2016	12/18/2015	PURC		5,646,000.00	5,645,717.70	2,710.79	0.00	(5,648,428.49)
818818	APPLE INC.	/RBC	MTNF				0.3841 / 0.3964					
				5/3/2016	12/18/2015	PURC		7,500,000.00	7,499,646.90	3,600.94	0.00	(7,503,247.84)
765787	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1285 / 0.1285					
				1/19/2016	12/19/2015	INT		0.00	0.00	0.00	(4,593.75)	4,593.75
797570	FED FARM CR BK	/BNP PARIBAS	AGN FLOAT1				0.2700 / 0.1739					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(10,237.50)	10,237.50
798356	FED FARM CR BK	/BNP PARIBAS	AGN FLOAT1				0.2700 / 0.1789					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(6,825.00)	6,825.00
812062	FED FARM CR BK	/BNP PARIBAS	AGN FLOAT1				0.2700 / 0.2498					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(10,237.50)	10,237.50
806105	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.1300					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(14,711.25)	14,711.25
				12/21/2015	12/21/2015	MAT		(7,846,000.00)	(7,858,526.16)	0.00	12,526.16	7,846,000.00
812858	FANNIE MAE	/FTN FINANCIAL	AGNF1				0.3750 / 0.1200					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(18,750.00)	18,750.00
				12/21/2015	12/21/2015	MAT		(10,000,000.00)	(10,017,447.50)	0.00	17,447.50	10,000,000.00
818809	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN				0.1500 / 0.1500					
				12/21/2015	12/21/2015	MAT		(50,000,000.00)	(49,999,375.00)	0.00	(625.00)	50,000,000.00
819052	FREDDIE DISCOUNT	/RBC	AGDN				0.4200 / 0.4205					
				4/8/2016	12/21/2015	PURC		23,800,000.00	23,769,734.33	0.00	0.00	(23,769,734.33)
819053	FNMA DISCOUNT	/JP MORGAN CHASE & CO	AGDN				0.2800 / 0.2801					
				2/8/2016	12/21/2015	PURC		5,400,000.00	5,397,942.00	0.00	0.00	(5,397,942.00)
819381	FHLB DISC CORP	/TDSI	AGDN				0.2400 / 0.2401					
				1/29/2016	12/22/2015	PURC		20,400,000.00	20,394,832.01	0.00	0.00	(20,394,832.00)
819384	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN				0.1500 / 0.1500					
				12/23/2015	12/22/2015	PURC		25,000,000.00	24,999,895.83	0.00	0.00	(24,999,895.83)

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<b>Fund: Educational Money Mkt Fnd</b>												
819385	TORONTO DOMINION BANK NY	/TDSI	YCD				0.7300 / 0.7300					
				5/31/2016	12/22/2015	PURC		15,000,000.00	15,000,000.00	0.00	0.00	(15,000,000.00)
810343	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN				0.0700 / 0.0700					
				12/23/2015	12/23/2015	MAT		(15,000,000.00)	(14,998,366.67)	0.00	(1,633.33)	15,000,000.00
819384	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN				0.1500 / 0.1500					
				12/23/2015	12/23/2015	MAT		(25,000,000.00)	(24,999,895.83)	0.00	(104.17)	25,000,000.00
819603	JOHNSON & JOHNSON	/MORGAN STANLEY	MTN				2.1500 / 0.6474					
				5/15/2016	12/23/2015	PURC		8,000,000.00	8,046,960.00	18,155.56	0.00	(8,065,115.56)
819622	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.5000 / 0.5009					
				5/6/2016	12/23/2015	PURC		15,000,000.00	14,971,875.00	0.00	0.00	(14,971,875.00)
819628	FANNIE MAE	/CASTLE OAK SECURITIES	AGNF1				0.5000 / 0.4003					
				3/30/2016	12/23/2015	PURC		10,575,000.00	10,589,897.83	0.00	0.00	(10,589,897.83)
814128	CHEVRON CORP	/TD SECURITIES	MTN				0.8890 / 0.4524					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(44,450.00)	44,450.00
819815	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/28/2015	12/24/2015	PURC		20,000,000.00	19,999,666.66	0.00	0.00	(19,999,666.67)
819816	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.1900 / 0.1900					
				1/8/2016	12/24/2015	PURC		4,249,000.00	4,248,663.62	0.00	0.00	(4,248,663.62)
819818	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.1900 / 0.1900					
				1/21/2016	12/24/2015	PURC		20,000,000.00	19,997,044.44	0.00	0.00	(19,997,044.44)
812549	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.0900 / 0.0900					
				12/28/2015	12/28/2015	MAT		(10,000,000.00)	(9,998,800.00)	0.00	(1,200.00)	10,000,000.00
818288	FHLB DISC CORP	/CASTLE OAK SECURITIES	AGDN				0.2000 / 0.2000					
				12/28/2015	12/28/2015	MAT		(30,000,000.00)	(29,998,000.00)	0.00	(2,000.00)	30,000,000.00

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<b>Fund: Educational Money Mkt Fnd</b>												
819815	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.1500 / 0.1500					
				12/28/2015	12/28/2015	MAT		(20,000,000.00)	(19,999,666.67)	0.00	(333.33)	20,000,000.00
820018	FNMA DISCOUNT	/BANK OF AMERICA	AGDN				0.1900 / 0.1900					
				1/4/2016	12/28/2015	PURC		49,500,000.00	49,498,171.27	0.00	0.00	(49,498,171.25)
820019	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.1950 / 0.1950					
				1/8/2016	12/28/2015	PURC		50,000,000.00	49,997,020.85	0.00	0.00	(49,997,020.83)
820020	FHLB DISC CORP	/DAIWA CAPITAL MARKETS	AGDN				0.3700 / 0.3704					
				3/31/2016	12/28/2015	PURC		20,000,000.00	19,980,677.78	0.00	0.00	(19,980,677.78)
768128	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1400 / 0.1603					
				3/29/2016	12/29/2015	INT		0.00	0.00	0.00	(19,716.67)	19,716.67
820248	FREDDIE DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.3800 / 0.3804					
				4/14/2016	12/29/2015	PURC		24,000,000.00	23,972,893.32	0.00	0.00	(23,972,893.33)
820249	FREDDIE DISCOUNT	/GOLDMAN SACHS GROUP INC	AGDN				0.3800 / 0.3804					
				4/14/2016	12/29/2015	PURC		15,000,000.00	14,983,058.33	0.00	0.00	(14,983,058.33)
820251	FHLB DISC CORP	/GOLDMAN SACHS GROUP INC	AGDN				0.5750 / 0.5766					
				6/24/2016	12/29/2015	PURC		15,000,000.00	14,957,354.18	0.00	0.00	(14,957,354.17)
820252	FNMA DISCOUNT	/CITIGROUP GLOBAL MARKETS	AGDN				0.2300 / 0.2301					
				2/10/2016	12/29/2015	PURC		14,453,000.00	14,449,029.44	0.00	0.00	(14,449,029.44)
820253	FNMA DISCOUNT	/JP MORGAN CHASE & CO	AGDN				0.2500 / 0.2501					
				2/16/2016	12/29/2015	PURC		6,750,000.00	6,747,703.13	0.00	0.00	(6,747,703.13)
820257	ROYAL BANK OF CANADA NY	/RBC	YCD				0.8550 / 0.8550					

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<b>Fund: Educational Money Mkt Fnd</b>												
				6/30/2016	12/29/2015	PURC		15,000,000.00	15,000,000.00	0.00	0.00	(15,000,000.00)
820263	FED HM LN BK BD	/TD SECURITIES	AGNF1				2.3300 / 0.4498					
				4/5/2016	12/29/2015	PURC		1,200,000.00	1,212,495.20	0.00	0.00	(1,212,495.20)
820265	FREDDIE DISCOUNT	/FTN FINANCIAL	AGDN				0.4500 / 0.4507					
				5/10/2016	12/29/2015	PURC		15,000,000.00	14,975,062.50	0.00	0.00	(14,975,062.50)
820266	FED FARM CR BK	/CASTLE OAK SECURITIES	AGNF1				0.7000 / 0.8965					
				11/1/2016	12/29/2015	PURC		400,000.00	399,795.11	0.00	0.00	(399,795.11)
821129	U.S. TREAS MMF - NT - EDU MMF	/	NTSWEEPS				0.1203 / 0.1203					
				12/30/2015	12/29/2015	PURC		6,747,703.13	6,747,703.13	0.00	0.00	(6,747,703.13)
768128	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.1400 / 0.1603					
				3/29/2016	12/30/2015	INT		0.00	0.00	0.00	(11,111.11)	11,111.11
805345	FNMA DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.1100 / 0.1100					
				12/30/2015	12/30/2015	MAT		(6,000,000.00)	(5,998,331.67)	0.00	(1,668.33)	6,000,000.00
810581	FNMA DISCOUNT	/TDSI	AGDN				0.0800 / 0.0800					
				12/30/2015	12/30/2015	MAT		(5,000,000.00)	(4,999,311.11)	0.00	(688.89)	5,000,000.00
820533	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGDN				0.2400 / 0.2401					
				2/18/2016	12/30/2015	PURC		15,000,000.00	14,995,000.01	0.00	0.00	(14,995,000.00)
820536	FHLB DISC CORP	/JEFFERIES & COMPANY	AGDN				0.3500 / 0.3503					
				3/30/2016	12/30/2015	PURC		20,000,000.00	19,982,305.56	0.00	0.00	(19,982,305.56)
820537	FHLB DISC CORP	/CITIGROUP GLOBAL MARKETS	AGDN				0.4900 / 0.4909					
				5/20/2016	12/30/2015	PURC		17,690,000.00	17,655,809.16	0.00	0.00	(17,655,809.16)
821129	U.S. TREAS MMF - NT - EDU MMF	/	NTSWEEPS				0.1203 / 0.1203					
				12/30/2015	12/30/2015	INT		0.00	0.00	0.00	(22.24)	22.24
				12/30/2015	12/30/2015	MAT		(6,747,703.13)	(6,747,703.13)	0.00	0.00	6,747,703.13
815979	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.1600 / 0.1600					
				12/31/2015	12/31/2015	MAT		(25,000,000.00)	(24,996,777.78)	0.00	(3,222.22)	25,000,000.00



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<b>Fund: Educational Money Mkt Fnd</b>												
817905	US TREASURY N/B	/JP MORGAN CHASE & CO	TBILL				0.1800 / 0.1800					
				12/31/2015	12/31/2015	MAT		(10,000,000.00)	(9,999,150.00)	0.00	(850.00)	10,000,000.00
818307	US TREASURY N/B	/BARCLAYS CAPITAL	TBILL				0.2050 / 0.2050					
				12/31/2015	12/31/2015	MAT		(25,000,000.00)	(24,997,864.58)	0.00	(2,135.42)	25,000,000.00
820818	FHLB DISC CORP	/FTN FINANCIAL	AGDN				0.1000 / 0.1000					
				1/8/2016	12/31/2015	PURC		6,200,000.00	6,199,862.22	0.00	0.00	(6,199,862.22)
820821	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.2400 / 0.2401					
				2/25/2016	12/31/2015	PURC		15,000,000.00	14,994,400.01	0.00	0.00	(14,994,400.00)
820825	FED FARM CR BK	/UBS FINANCIAL SERVICES	AGDN				0.2000 / 0.2000					
				2/4/2016	12/31/2015	PURC		15,000,000.00	14,997,083.33	0.00	0.00	(14,997,083.33)
820826	FED FARM CR BK	/JEFFERIES & COMPANY	AGDN				0.1900 / 0.1900					
				2/2/2016	12/31/2015	PURC		10,000,000.00	9,998,258.33	0.00	0.00	(9,998,258.33)
820839	FED FARM CR BK	/CASTLE OAK SECURITIES	AGN FLOAT1				0.4400 / 0.5813					
				9/19/2016	12/31/2015	INT		0.00	0.00	0.00	(48.61)	48.61
				9/19/2016	12/31/2015	PURC		3,500,000.00	3,496,960.83	0.00	0.00	(3,496,960.83)
<b>Sub Total:</b>								<b><u>1,053,790,000.00</u></b>	<b><u>1,052,951,781.68</u></b>	<b><u>116,509.64</u></b>	<b><u>39,917,780.57</u></b>	<b><u>(1,092,986,071.91)</u></b>
<b>Fund: 283-John Wayne Airport</b>												
751697	ROYAL BANK OF CANADA NY	/RBC	YCDF				0.2450 / 0.2450					
				12/1/2015	12/1/2015	INT		0.00	0.00	0.00	(227.98)	227.98
				12/1/2015	12/1/2015	MAT		(1,000,000.00)	(1,000,000.00)	0.00	0.00	1,000,000.00
814437	FREDDIE MAC	/JEFFERIES & COMPANY	AGNF1				5.3000 / 0.1500					
				12/1/2015	12/1/2015	INT		0.00	0.00	0.00	(34,450.00)	34,450.00
				12/1/2015	12/1/2015	MAT		(1,300,000.00)	(1,334,388.84)	0.00	34,388.84	1,300,000.00
815672	U.S. TREAS MMF - NT - JWA	/	NTSWEEPJWA				0.0104 / 0.0104					
				12/1/2015	12/1/2015	INT		0.00	0.00	0.00	(0.05)	0.05
				12/1/2015	12/1/2015	MAT		(174,309.07)	(174,309.07)	0.00	0.00	174,309.07

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Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: 283-John Wayne Airport</b>												
815984	FED HM LN BK BD	/MORGAN STANLEY	AGNF1				0.1500 / 0.2329					
				12/28/2015	12/2/2015	PURC		930,000.00	930,552.58	0.00	0.00	(930,552.58)
816174	FNMA DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.2800 / 0.2801					
				2/2/2016	12/3/2015	PURC		400,000.00	399,810.22	0.00	0.00	(399,810.22)
816177	FNMA DISCOUNT	/DEUTSCHE	AGDN				0.2100 / 0.2101					
				1/21/2016	12/3/2015	PURC		1,000,000.00	999,714.17	0.00	0.00	(999,714.17)
805102	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN				0.1500 / 0.1500					
				12/4/2015	12/4/2015	MAT		(100,000.00)	(99,972.50)	0.00	(27.50)	100,000.00
805101	FREDDIE DISCOUNT	/BARCLAYS CAPITAL	AGDN				0.1500 / 0.1500					
				12/7/2015	12/7/2015	MAT		(280,000.00)	(279,919.50)	0.00	(80.50)	280,000.00
816479	FANNIE MAE	/FTN FINANCIAL	AGNF1				0.3750 / 0.2203					
				12/21/2015	12/7/2015	PURC		1,000,000.00	1,001,789.17	0.00	0.00	(1,001,789.17)
816480	FANNIE MAE	/DEUTSCHE	AGNF1				2.2500 / 0.3700					
				3/15/2016	12/7/2015	PURC		250,000.00	252,555.53	0.00	0.00	(252,555.53)
816481	FREDDIE MAC	/DEUTSCHE	AGNF1				4.7500 / 0.2700					
				1/19/2016	12/7/2015	PURC		500,000.00	511,709.98	0.00	0.00	(511,709.98)
816943	U.S. TREAS MMF - NT - JWA	/	NTSWEEPJWA				0.0104 / 0.0104					
				12/8/2015	12/7/2015	PURC		252,555.53	252,555.53	0.00	0.00	(252,555.53)
815392	FHLB DISC CORP	/DEUTSCHE	AGDN				0.0700 / 0.0700					
				12/8/2015	12/8/2015	MAT		(100,000.00)	(99,998.44)	0.00	(1.56)	100,000.00
816943	U.S. TREAS MMF - NT - JWA	/	NTSWEEPJWA				0.0104 / 0.0104					
				12/8/2015	12/8/2015	INT		0.00	0.00	0.00	(0.07)	0.07
				12/8/2015	12/8/2015	MAT		(252,555.53)	(252,555.53)	0.00	0.00	252,555.53
802850	FED HM LN BK BD	/DEUTSCHE	AGNF1				2.1250 / 0.4262					
				6/10/2016	12/10/2015	INT		0.00	0.00	0.00	(6,640.63)	6,640.63
811573	FED HM LN BK BD	/BARCLAYS CAPITAL	AGNF1				1.3750 / 0.1345					
				12/11/2015	12/11/2015	INT		0.00	0.00	0.00	(3,059.38)	3,059.38
				12/11/2015	12/11/2015	MAT		(445,000.00)	(447,997.43)	0.00	2,997.43	445,000.00
815404	FED HM LN BK BD	/BARCLAYS CAPITAL	AGNF1				3.8750 / 0.1200					
				12/11/2015	12/11/2015	INT		0.00	0.00	0.00	(2,809.38)	2,809.38

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Deal	Issuer	Broker	Inst Type	Maturity Date	Trans Date	Trans Type	Coupon/Yield(%)	Par Value	Cost	Purchased Interest	(Interest) Amort / (Accret) (Gain) / Loss	Settlement
<b>Fund: 283-John Wayne Airport</b>												
795465	FED FARM CR BK	/FTN FINANCIAL	AGNF1	12/11/2015	12/11/2015	MAT	4.5000 / 0.2202	(145,000.00)	(147,803.95)	0.00	2,803.95	145,000.00
				12/15/2015	12/15/2015	INT		0.00	0.00	0.00	(11,250.00)	11,250.00
				12/15/2015	12/15/2015	MAT		(500,000.00)	(510,834.50)	0.00	10,834.50	500,000.00
815397	FHLB DISC CORP	/JP MORGAN CHASE & CO	AGDN				0.1000 / 0.1000					
				12/15/2015	12/15/2015	MAT		(100,000.00)	(99,995.83)	0.00	(4.17)	100,000.00
818066	FREDDIE MAC	/DEUTSCHE	AGNF1				5.5000 / 0.7254					
				7/18/2016	12/15/2015	PURC		740,000.00	777,435.88	0.00	0.00	(777,435.88)
818308	FREDDIE MAC	/DEUTSCHE	AGNF1				5.2500 / 0.5800					
				4/18/2016	12/16/2015	PURC		245,000.00	250,929.94	0.00	0.00	(250,929.94)
818309	FREDDIE MAC	/DEUTSCHE	AGNF1				0.5000 / 0.6100					
				5/13/2016	12/16/2015	PURC		162,000.00	161,996.01	0.00	0.00	(161,996.01)
770647	FED FARM CR BK	/DEUTSCHE	AGN FLOAT1				0.1270 / 0.1353					
				4/18/2016	12/18/2015	INT		0.00	0.00	0.00	(124.38)	124.38
797566	FED FARM CR BK	/BNP PARIBAS	AGN FLOAT1				0.2700 / 0.1739					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(1,706.25)	1,706.25
798095	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGN FLOAT1				0.2700 / 0.1688					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(682.50)	682.50
812063	FED FARM CR BK	/BNP PARIBAS	AGN FLOAT1				0.2700 / 0.2498					
				6/20/2016	12/20/2015	INT		0.00	0.00	0.00	(1,365.00)	1,365.00
768129	FANNIE MAE	/MORGAN STANLEY	AGNF1				0.3750 / 0.2744					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(984.38)	984.38
				12/21/2015	12/21/2015	MAT		(525,000.00)	(525,819.22)	0.00	819.22	525,000.00
768585	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.2543					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(937.50)	937.50
				12/21/2015	12/21/2015	MAT		(500,000.00)	(500,867.46)	0.00	867.46	500,000.00
797343	FED HM LN BK BD	/DEUTSCHE	AGNF1				5.0000 / 0.2300					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(3,125.00)	3,125.00
				12/21/2015	12/21/2015	MAT		(125,000.00)	(128,019.49)	0.00	3,019.49	125,000.00
797354	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.2300					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(530.63)	530.63
				12/21/2015	12/21/2015	MAT		(283,000.00)	(283,297.14)	0.00	297.14	283,000.00
800889	FED HM LN BK BD	/FTN FINANCIAL	AGNF1				5.0000 / 0.3003					

**County of Orange**  
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<b>Fund: 283-John Wayne Airport</b>												
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(3,750.00)	3,750.00
				12/21/2015	12/21/2015	MAT		(150,000.00)	(153,610.35)	0.00	3,610.35	150,000.00
801809	FANNIE MAE	/FTN FINANCIAL	AGNF1				0.3750 / 0.2510					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(937.50)	937.50
				12/21/2015	12/21/2015	MAT		(500,000.00)	(500,581.46)	0.00	581.46	500,000.00
802284	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.2800					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(1,046.25)	1,046.25
				12/21/2015	12/21/2015	MAT		(558,000.00)	(558,620.46)	0.00	620.46	558,000.00
804555	FED HM LN BK BD	/DEUTSCHE	AGNF1				5.0000 / 0.2500					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(4,625.00)	4,625.00
				12/21/2015	12/21/2015	MAT		(185,000.00)	(189,510.51)	0.00	4,510.51	185,000.00
809420	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.1400					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(995.63)	995.63
				12/21/2015	12/21/2015	MAT		(531,000.00)	(531,873.58)	0.00	873.58	531,000.00
811572	FANNIE MAE	/BARCLAYS CAPITAL	AGNF1				0.3750 / 0.1060					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(562.50)	562.50
				12/21/2015	12/21/2015	MAT		(300,000.00)	(300,520.93)	0.00	520.93	300,000.00
811575	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.1500					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(720.00)	720.00
				12/21/2015	12/21/2015	MAT		(384,000.00)	(384,644.67)	0.00	644.67	384,000.00
812907	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.1600					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(618.75)	618.75
				12/21/2015	12/21/2015	MAT		(330,000.00)	(330,562.93)	0.00	562.93	330,000.00
813557	FED HM LN BK BD	/DEUTSCHE	AGNF1				5.0000 / 0.1600					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(4,625.00)	4,625.00
				12/21/2015	12/21/2015	MAT		(185,000.00)	(189,596.35)	0.00	4,596.35	185,000.00
815403	FANNIE MAE	/MORGAN STANLEY	AGNF1				0.3750 / 0.1690					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(326.25)	326.25
				12/21/2015	12/21/2015	MAT		(174,000.00)	(174,309.07)	0.00	309.07	174,000.00
816479	FANNIE MAE	/FTN FINANCIAL	AGNF1				0.3750 / 0.2203					
				12/21/2015	12/21/2015	INT		0.00	0.00	0.00	(1,875.00)	1,875.00
				12/21/2015	12/21/2015	MAT		(1,000,000.00)	(1,001,789.17)	0.00	1,789.17	1,000,000.00
819055	FHLB DISC CORP	/DEUTSCHE	AGDN				0.3000 / 0.3001					
				1/26/2016	12/21/2015	PURC		600,000.00	599,820.00	0.00	0.00	(599,820.00)

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<b>Fund: 283-John Wayne Airport</b>												
819056	FREDDIE DISCOUNT	/UBS FINANCIAL SERVICES	AGDN				0.1800 / 0.1800					
				1/12/2016	12/21/2015	PURC		2,300,000.00	2,299,747.00	0.00	0.00	(2,299,747.00)
819379	FREDDIE MAC	/DEUTSCHE	AGNF1				2.0000 / 0.6901					
				8/25/2016	12/22/2015	PURC		358,000.00	363,478.11	0.00	0.00	(363,478.11)
819380	FREDDIE MAC	/UBS FINANCIAL SERVICES	AGNF1				2.0000 / 0.6786					
				8/25/2016	12/22/2015	PURC		226,000.00	229,475.88	0.00	0.00	(229,475.88)
819386	FANNIE MAE	/DEUTSCHE	AGNF1				5.2500 / 0.7278					
				9/15/2016	12/22/2015	PURC		1,002,000.00	1,049,117.59	0.00	0.00	(1,049,117.59)
819627	FED FARM CR BK	/MORGAN STANLEY	AGNF1				5.0000 / 0.4736					
				2/16/2016	12/23/2015	PURC		145,000.00	148,517.54	0.00	0.00	(148,517.54)
819629	FANNIE MAE	/DEUTSCHE	AGNF1				0.3750 / 0.6601					
				7/5/2016	12/23/2015	PURC		123,000.00	123,028.84	0.00	0.00	(123,028.84)
819630	FED FARM CR BK	/DEUTSCHE	AGNF1				5.1250 / 0.7111					
				8/25/2016	12/23/2015	PURC		125,000.00	130,792.05	0.00	0.00	(130,792.05)
814130	CHEVRON CORP	/TD SECURITIES	MTN				0.8890 / 0.4524					
				6/24/2016	12/24/2015	INT		0.00	0.00	0.00	(3,591.56)	3,591.56
819809	FREDDIE DISCOUNT	/JEFFERIES & COMPANY	AGDN				0.2600 / 0.2600					
				1/15/2016	12/24/2015	PURC		300,000.00	299,952.33	0.00	0.00	(299,952.33)
819817	FANNIE MAE	/BARCLAYS CAPITAL	AGNF1				0.5000 / 0.4200					
				3/30/2016	12/24/2015	PURC		154,000.00	154,210.47	0.00	0.00	(154,210.47)
815984	FED HM LN BK BD	/MORGAN STANLEY	AGNF1				0.1500 / 0.2329					
				12/28/2015	12/28/2015	INT		0.00	0.00	0.00	(709.13)	709.13
				12/28/2015	12/28/2015	MAT		(930,000.00)	(930,552.58)	0.00	552.58	930,000.00
805104	FED HM LN BK BD	/CITIGROUP GLOBAL MARKETS	AGNF1				1.9000 / 0.2200					
				12/29/2015	12/29/2015	INT		0.00	0.00	0.00	(7,362.50)	7,362.50
				12/29/2015	12/29/2015	MAT		(775,000.00)	(781,927.73)	0.00	6,927.73	775,000.00
820261	FANNIE MAE	/BARCLAYS CAPITAL	AGNF1				0.5000 / 0.4196					

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<b>Fund: 283-John Wayne Airport</b>												
820262	FREDDIE MAC	/MORGAN STANLEY	AGNF1	3/30/2016	12/29/2015	PURC	5.2500 / 0.5146	2,000,000.00	2,002,852.22	0.00	0.00	(2,002,852.22)
820267	FED FARM CR BK	/MORGAN STANLEY	AGNF1	4/18/2016	12/29/2015	PURC	1.0500 / 0.5003	145,000.00	148,570.50	0.00	0.00	(148,570.50)
808172	FED HM LN BK BD	/FTN FINANCIAL	AGNF1	3/28/2016	12/29/2015	PURC	0.3750 / 0.1001	100,000.00	100,399.42	0.00	0.00	(100,399.42)
				12/30/2015	12/30/2015	INT		0.00	0.00	0.00	(3,140.63)	3,140.63
815401	FHLB DISC CORP	/BARCLAYS CAPITAL	AGDN	12/30/2015	12/30/2015	MAT	0.1500 / 0.1500	(1,675,000.00)	(1,677,790.83)	0.00	2,790.83	1,675,000.00
820813	FED HM LN BK BD	/MORGAN STANLEY	AGNF1	12/30/2015	12/30/2015	MAT	5.5000 / 0.7266	(291,000.00)	(290,963.63)	0.00	(36.37)	291,000.00
820838	FED FARM CR BK	/CASTLE OAK SECURITIES	AGN FLOAT1	8/15/2016	12/31/2015	PURC	0.4400 / 0.5813	130,000.00	136,542.61	0.00	0.00	(136,542.61)
				9/19/2016	12/31/2015	INT		0.00	0.00	0.00	(20.83)	20.83
				9/19/2016	12/31/2015	PURC		1,500,000.00	1,498,697.50	0.00	0.00	(1,498,697.50)
<b>Sub Total:</b>								<b>889,690.93</b>	<b>941,617.92</b>	<b>0.00</b>	<b>(18,031.11)</b>	<b>(923,586.81)</b>
<b>Fund: 15B-Housing 99A &amp; 99B</b>												
383458	GINNIE MAE	/	MBS				6.2500 / 796.8750					
				9/20/2029	12/20/2015	SALE		(134,943.41)	(135,060.55)	0.00	0.00	521.50
				9/20/2029	12/20/2015	INT		0.00	0.00	0.00	(456.40)	456.40
<b>Sub Total:</b>								<b>(134,943.41)</b>	<b>(135,060.55)</b>	<b>0.00</b>	<b>(456.40)</b>	<b>977.90</b>
<b>Fund: 650-Fountain Valley SD40</b>												
794631	FED HM LN BK BD	/DAIWA CAPITAL MARKETS	AGNF1				1.6250 / 1.4650					
794630	FED FARM CR BK	/DAIWA CAPITAL MARKETS	AGNF1	6/14/2019	12/14/2015	INT		0.00	0.00	0.00	(28,437.50)	28,437.50
				6/25/2018	12/25/2015	INT		0.00	0.00	0.00	(21,350.00)	21,350.00
<b>Sub Total:</b>								<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(49,787.50)</b>	<b>49,787.50</b>

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<b>Grand Total:</b>	<u>1,294,454,747.52</u>	<u>1,295,780,876.25</u>	<u>153,371.84</u>	<u>63,207,000.35</u>	<u>(1,359,275,787.51)</u>
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**County of Orange  
Treasurer-Tax Collector's Office**

**MONEY MARKET MUTUAL FUNDS TRANSACTIONS REPORT**

For 01-Dec-2015 to 31-Dec-2015

Cashflow Date	Transaction Description	D.O. No.	Instrument	Amount	Deposit Slip Code	Counterparty	Deal No
<b>AIM#51102-692</b>		<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>					
12/1/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(15,966,986.00)		INVESCO STIC GOVT & AGY PORTFOLIC	815667
12/9/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	65,665,726.30		INVESCO STIC GOVT & AGY PORTFOLIC	817154
12/10/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	92,342,421.43		INVESCO STIC GOVT & AGY PORTFOLIC	817403
12/11/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	31,678,975.41		INVESCO STIC GOVT & AGY PORTFOLIC	817645
12/16/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(10,000,000.00)		INVESCO STIC GOVT & AGY PORTFOLIC	818316
12/17/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(18,628,440.04)		INVESCO STIC GOVT & AGY PORTFOLIC	818586
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(160,966,315.33)		INVESCO STIC GOVT & AGY PORTFOLIC	818796
<b>Sub Total Amount Per Account:</b>				<b>(15,874,618.23)</b>			
<b>AIM#51103-694</b>		<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>					
12/1/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	77,193,706.00		INVESCO STIC GOVT & AGY PORTFOLIC	815669
12/2/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(76,285,290.57)		INVESCO STIC GOVT & AGY PORTFOLIC	815985
12/8/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	37,552,318.00		INVESCO STIC GOVT & AGY PORTFOLIC	816795
12/9/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	5,613,379.00		INVESCO STIC GOVT & AGY PORTFOLIC	817157
12/11/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	4,793,390.00		INVESCO STIC GOVT & AGY PORTFOLIC	817647
12/14/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(5,935,811.50)		INVESCO STIC GOVT & AGY PORTFOLIC	817913
12/15/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	30,000,000.00		INVESCO STIC GOVT & AGY PORTFOLIC	818068
12/16/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	45,000,000.00		INVESCO STIC GOVT & AGY PORTFOLIC	818319
12/17/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	2,959,966.26		INVESCO STIC GOVT & AGY PORTFOLIC	818589
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(119,961,933.00)		INVESCO STIC GOVT & AGY PORTFOLIC	818798
<b>Sub Total Amount Per Account:</b>				<b>929,724.19</b>			
<b>AIM#51104-JWA</b>		<b>INVESCO STIC GOVERNMENT &amp; AGENCY</b>					
12/3/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(399,524.39)		INVESCO STIC GOVT & AGY PORTFOLIC	816172
12/7/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(300,000.00)		INVESCO STIC GOVT & AGY PORTFOLIC	816690
12/10/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	6,640.63		INVESCO STIC GOVT & AGY PORTFOLIC	817405
12/11/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	595,868.76		INVESCO STIC GOVT & AGY PORTFOLIC	817649
12/16/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(412,925.95)		INVESCO STIC GOVT & AGY PORTFOLIC	818321
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(204,000.00)		INVESCO STIC GOVT & AGY PORTFOLIC	820236
<b>Sub Total Amount Per Account:</b>				<b>(713,940.95)</b>			
<b>GS283</b>		<b>GOLDMAN SACHS - JWA MMF</b>					
12/21/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	2,859,846.14		GOLDMAN SACHS FINL SQ GOVT	819074
12/22/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,642,071.58)		GOLDMAN SACHS FINL SQ GOVT	819378
12/23/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(402,338.43)		GOLDMAN SACHS FINL SQ GOVT	819614
12/24/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(450,571.24)		GOLDMAN SACHS FINL SQ GOVT	819808
12/28/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	930,709.13		GOLDMAN SACHS FINL SQ GOVT	820037
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,200,000.00)		GOLDMAN SACHS FINL SQ GOVT	820239
12/30/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	1,969,140.63		GOLDMAN SACHS FINL SQ GOVT	820532



**County of Orange  
Treasurer-Tax Collector's Office**

**MONEY MARKET MUTUAL FUNDS TRANSACTIONS REPORT**

For 01-Dec-2015 to 31-Dec-2015

Cashflow Date	Transaction Description	D.O. No.	Instrument	Amount	Deposit Slip Code	Counterparty	Deal No
12/31/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,635,219.28)		GOLDMAN SACHS FINL SQ GOVT	820830
<b>Sub Total Amount Per Account:</b>				<b>429,495.37</b>			
<b>GS692</b>		<b>GOLDMAN SACHS - COUNTY MMF</b>					
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	148,000,000.00		GOLDMAN SACHS FINL SQ GOVT	818806
12/21/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	8,448,435.00		GOLDMAN SACHS FINL SQ GOVT	819073
12/23/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(28,180,742.91)		GOLDMAN SACHS FINL SQ GOVT	819612
12/24/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	28,497,734.26		GOLDMAN SACHS FINL SQ GOVT	819807
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(50,000,000.00)		GOLDMAN SACHS FINL SQ GOVT	820237
12/30/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(2,460,927.75)		GOLDMAN SACHS FINL SQ GOVT	820531
12/31/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	16,267,842.38		GOLDMAN SACHS FINL SQ GOVT	820829
<b>Sub Total Amount Per Account:</b>				<b>120,572,340.98</b>			
<b>GS694</b>		<b>GOLDMAN SACHS - EDUCATIONAL MMF</b>					
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	150,000,000.00		GOLDMAN SACHS FINL SQ GOVT	818800
12/22/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(29,244,983.83)		GOLDMAN SACHS FINL SQ GOVT	819376
12/22/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(2,000,000.00)		GOLMAN SACHS FINL SQ GOVT	819377
12/23/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	40,000,000.00		GOLDMAN SACHS FINL SQ GOVT	819613
12/28/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(24,960,472.86)		GOLDMAN SACHS FINL SQ GOVT	820038
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	45,000,000.00		GOLDMAN SACHS FINL SQ GOVT	820238
<b>Sub Total Amount Per Account:</b>				<b>178,794,543.31</b>			
<b>MORGAN 283</b>		<b>MORGAN STANLEY GOVT 8302-JWA MMF</b>					
12/1/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	2,341,273.34	5655	MORGAN STANLEY INST LIQUIDITY FUN	815654
12/2/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(930,552.52)	5983	MORGAN STANLEY INST LIQUIDITY FUN	815982
12/3/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,000,000.00)	6164	MORGAN STANLEY INST LIQUIDITY FUN	816163
12/4/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	100,000.00	6421	MORGAN STANLEY INST LIQUIDITY FUN	816420
12/7/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,186,054.68)	6688	MORGAN STANLEY INST LIQUIDITY FUN	816687
12/8/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	100,000.00	6793	MORGAN STANLEY INST LIQUIDITY FUN	816792
12/15/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(166,185.88)	8063	MORGAN STANLEY INST LIQUIDITY FUN	818062
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	124.38	8793	MORGAN STANLEY INST LIQUIDITY FUN	818792
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(65,459.64)	0234	MORGAN STANLEY INST LIQUIDITY FUN	820233
<b>Sub Total Amount Per Account:</b>				<b>(806,855.00)</b>			
<b>MORGAN 692</b>		<b>MORGAN STANLEY GOVT 8302-COUNTY MMF</b>					
12/1/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(19,275,986.00)	5651	MORGAN STANLEY INST LIQUIDITY FUN	815650
12/2/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(36,401,421.00)	5981	MORGAN STANLEY INST LIQUIDITY FUN	815980
12/3/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	4,504,191.11	6160	MORGAN STANLEY INST LIQUIDITY FUN	816159
12/4/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	37,573,119.00	6417	MORGAN STANLEY INST LIQUIDITY FUN	816416
12/4/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(95,100,000.00)	6438	MORGAN STANLEY INST LIQUIDITY FUN	816437

**County of Orange  
Treasurer-Tax Collector's Office**

**MONEY MARKET MUTUAL FUNDS TRANSACTIONS REPORT**

For 01-Dec-2015 to 31-Dec-2015

Cashflow Date	Transaction Description	D.O. No.	Instrument	Amount	Deposit Slip Code	Counterparty	Deal No
12/7/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(11,923,832.00)	6684	MORGAN STANLEY INST LIQUIDITY FUN	816683
12/8/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	34,437,085.40	6789	MORGAN STANLEY INST LIQUIDITY FUN	816788
12/9/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(40,000,000.00)	7147	MORGAN STANLEY INST LIQUIDITY FUN	817146
12/14/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	17,062,608.26	7897	MORGAN STANLEY INST LIQUIDITY FUN	817895
12/15/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	100,737,674.58	8059	MORGAN STANLEY INST LIQUIDITY FUN	818058
12/16/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	10,451,781.15	8313	MORGAN STANLEY INST LIQUIDITY FUN	818312
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(100,000,000.00)	8789	MORGAN STANLEY INST LIQUIDITY FUN	818788
12/22/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(24,641,047.61)	9373	MORGAN STANLEY INST LIQUIDITY FUN	819372
12/23/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(10,000,000.00)	9609	MORGAN STANLEY INST LIQUIDITY FUN	819608
12/24/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	20,000,000.00	9659	MORGAN STANLEY INST LIQUIDITY FUN	819658
12/28/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(16,133,934.33)	0015	MORGAN STANLEY INST LIQUIDITY FUN	820014
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(4,686,628.66)	0230	MORGAN STANLEY INST LIQUIDITY FUN	820229
<b>Sub Total Amount Per Account:</b>				<b>(133,396,390.10)</b>			
<b>MORGAN 694</b>	<b>MORGAN STANLEY GOVT 8302-EDUCATIONAL MMF</b>						
12/11/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	36,000,000.00	5653	MORGAN STANLEY INST LIQUIDITY FUN	815652
12/3/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(46,195,695.33)	6162	MORGAN STANLEY INST LIQUIDITY FUN	816161
12/4/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(1,578,666.89)	6419	MORGAN STANLEY INST LIQUIDITY FUN	816418
12/7/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	3,831,115.00	6686	MORGAN STANLEY INST LIQUIDITY FUN	816685
12/8/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(18,776,159.00)	6791	MORGAN STANLEY INST LIQUIDITY FUN	816790
12/10/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(3,099,007.04)	7402	MORGAN STANLEY INST LIQUIDITY FUN	817401
12/14/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(9,000,000.00)	7899	MORGAN STANLEY INST LIQUIDITY FUN	817898
12/15/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	59,261,590.00	8061	MORGAN STANLEY INST LIQUIDITY FUN	818060
12/16/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	51,617,529.00	8315	MORGAN STANLEY INST LIQUIDITY FUN	818314
12/17/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	39,000,000.00	8581	MORGAN STANLEY INST LIQUIDITY FUN	818580
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(150,000,000.00)	8791	MORGAN STANLEY INST LIQUIDITY FUN	818790
12/18/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	10,000,000.00	8795	MORGAN STANLEY INST LIQUIDITY FUN	818794
12/21/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	27,359,059.97	9072	MORGAN STANLEY INST LIQUIDITY FUN	819071
12/22/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(38,000,000.00)	9375	MORGAN STANLEY INST LIQUIDITY FUN	819374
12/23/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	92,809,712.61	9611	MORGAN STANLEY INST LIQUIDITY FUN	819610
12/24/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(53,066,526.69)	9661	MORGAN STANLEY INST LIQUIDITY FUN	819660
12/28/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(39,000,000.00)	0017	MORGAN STANLEY INST LIQUIDITY FUN	820016
12/29/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	71,039,378.79	0232	MORGAN STANLEY INST LIQUIDITY FUN	820231
12/30/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	(46,603,938.72)	0530	MORGAN STANLEY INST LIQUIDITY FUN	820529
12/31/2015	ACTUAL CASHFLOW		Money Market Mutual Fund	38,411,943.12	0232	MORGAN STANLEY INST LIQUIDITY FUN	820831
<b>Sub Total Amount Per Account:</b>				<b>24,010,334.82</b>			

**Total Amount : 173,944,634.39**



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**REPORT ON REVIEW  
OF THE  
SCHEDULE OF ASSETS  
HELD BY THE  
COUNTY TREASURY  
AS OF  
SEPTEMBER 30, 2015**



**Audit Number 1548  
Report Date: December 18, 2015**



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

<b>Toni Smart, CPA</b>	<b>Director, Internal Audit</b>
<b>Carol Swe, CPA, CIA</b>	<b>Senior Audit Manager</b>
<b>Michael Dean, CPA, CIA</b>	<b>Audit Manager</b>
<b>Scott Kim, CPA</b>	<b>Senior Auditor</b>

**12 Civic Center Plaza, Room 200**  
**Santa Ana, CA 92701**

**Auditor-Controller Web Site**  
**[www.ac.ocgov.com](http://www.ac.ocgov.com)**



**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**December 18, 2015**

**Audit No. 1548**

**TO:** Members, Board of Supervisors  
Chair Todd Spitzer, 3rd District Supervisor  
Vice Chair Lisa Bartlett, 5th District Supervisor  
Supervisor Andrew Do, 1st District  
Supervisor Michelle Steel, 2nd District  
Supervisor Shawn Nelson, 4th District

**SUBJECT:** Report on Review of the Schedule of Assets Held  
By the County Treasury

We have completed our Report on Review of the Schedule of Assets Held by the County Treasury as of September 30, 2015. Our final report is attached for your review.

I submit an **Audit Status Report** quarterly to the Audit Oversight Committee (AOC) and a monthly report to the Board of Supervisors (BOS) where I detail any critical and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Although there were no findings noted during this review, the results will be included in future status reports to the AOC and BOS.

Additionally, we will request the department to complete a **Customer Survey** of Review Services. The Treasurer-Tax Collector will receive the survey shortly after the distribution of our final report.

Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

**Attachments**

Other recipients of this report:  
Members, Audit Oversight Committee  
Members, Treasury Oversight Committee  
Eric Woolery, Auditor-Controller  
Shari L. Freidenrich, Treasurer-Tax Collector  
Frank Kim, County Executive Officer  
Michelle Aguirre, Chief Financial Officer  
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector, Treasury  
Tomas Vargas, Assistant Treasurer-Tax Collector, Investments  
Claire Moynihan, Auditor-Controller Central Accounting Operations Director  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Macias Gini & O'Connell LLP, County External Auditor



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***Report on Review of the Schedule of Assets Held By the County Treasury  
Audit No. 1548***

As of September 30, 2015

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# Independent Accountant's Report

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December 18, 2015

Pursuant to Government Code Section 26920(a)(1) and (3), and Section 26922, we have reviewed the accompanying Schedule of Assets Held by the County Treasury as of September 30, 2015 (financial schedule). All information included in this financial schedule is the representation of the management of the Office of the Treasurer.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is an expression of an opinion on the financial schedule, and accordingly, we do not express such an opinion.

A review consists primarily of inquiries of department personnel and analytical procedures applied to financial data. The Treasurer prepared a schedule showing the amount and type of assets held in the County Treasury as of September 30, 2015. Our review included counting cash in the County Treasury and confirming cash and investments held by the Treasurer on behalf of the County and other participants.

Based on our review, with the exception of the matter described in the following paragraph, nothing came to our attention that caused us to believe the financial schedule referred to above is not fairly stated, in all material respects.

This Schedule of Assets was prepared by the Treasurer for the purpose of meeting the requirements of Government Code Section 26920(a) and is prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, it is the Treasurer's policy to not recognize trades until the settlement date.

The Office of the Treasurer has its own separate accounting staff and accounting information systems that maintain the Treasury financial records. The Treasurer is responsible for recording and reconciling the cash and investments and also reconciling the Office of the Treasurer's financial systems.

This report is intended for the information of the Board of Supervisors and the management of the County of Orange Auditor-Controller. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink, appearing to read "Toni Smart", is positioned above the printed name.

Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division





# Schedule of Assets Held by the County Treasury



## OFFICE OF THE TREASURER-TAX COLLECTOR

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TREASURY

JENNIFER BURKHART, CFA  
ASSISTANT TREASURER-TAX COLLECTOR  
TAX & CENTRAL COLLECTIONS

ROBIN RUSSELL  
ASSISTANT TREASURER-TAX COLLECTOR  
ADMINISTRATION

TOMAS VARGAS  
ASSISTANT TREASURER-TAX COLLECTOR  
INVESTMENTS

### SCHEDULE OF ASSETS HELD BY THE COUNTY TREASURY AS OF SEPTEMBER 30, 2015

	ASSETS			
	OCIP	OCEIP	Non Pooled	Total
<b>CASH</b>				
Cash On Hand	\$ 46,057	\$ -	\$ -	\$ 46,057
Bank Demand Accounts	91,512,511	56,038,396		147,550,907
<b>Total Cash</b>	<b>\$ 91,558,568</b>	<b>\$ 56,038,396</b>	<b>-</b>	<b>\$147,596,964</b>
<b>INVESTMENTS, stated at fair value</b>				
<i>Orange County Investment Pool (OCIP):</i>				
Orange County Money Market Fund	608,245,209			608,245,209
Extended Fund	2,611,184,293			2,611,184,293
<i>Orange County Educational Investment Pool (OCEIP):</i>				
Orange County Educational Money		874,192,632		874,192,632
Market Fund		874,192,632		874,192,632
Extended Fund		2,534,575,213		2,534,575,213
<i>Non Pooled</i>			198,912,136	198,912,136
<b>Total Investments</b>	<b>\$3,219,429,502</b>	<b>\$3,408,767,845</b>	<b>\$198,912,136</b>	<b>\$6,827,109,483</b>
<b>TOTAL ASSETS</b>	<b>\$3,310,988,070</b>	<b>\$3,464,806,241</b>	<b>\$198,912,136</b>	<b>\$6,974,706,447</b>

SHARI L. FREIDENRICH, CPA, CCMT, CPFA, ACPFIM  
Treasurer-Tax Collector

*Mission: Ensure safe and timely receipt, deposit, collection and investment of public funds.*





O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**CONTINUOUS COMPLIANCE  
AUDITING OF THE  
TREASURER'S  
INVESTMENT PORTFOLIO  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2015**



**Audit Number 1554 (Reference 1180)  
Report Date: December 15, 2015**



O R A N G E C O U N T Y  
**AUDITOR-CONTROLLER**  
I N T E R N A L A U D I T

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

<b>Toni Smart, CPA</b>	<b>Director, Internal Audit</b>
<b>Carol Swe, CPA, CIA</b>	<b>Senior Audit Manager</b>
<b>Richard Son, CPA</b>	<b>Senior Auditor</b>
<b>Hanh Nguyen</b>	<b>Intern</b>

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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



December 15, 2015

Audit No. 1554  
(Reference 1180)

TO: Members, Treasury Oversight Committee

SUBJECT: Continuous Compliance Auditing of the Treasurer's Investment Portfolio  
For the Quarter Ended September 30, 2015

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We have completed the continuous compliance auditing of the Treasurer's investment portfolio for the quarter ended September 30, 2015. The purpose of our engagement was to determine whether the Orange County Money Market Fund, Educational Money Market Fund, John Wayne Airport Investment Pool (all collectively referred to as Money Market Funds in this report), and Extended Fund managed by the Orange County Treasurer were in compliance with certain provisions specified in the Investment Policy Statement (IPS) and that portfolio non-compliance, including technical incidents, were properly reported in the Treasurer's Monthly Investment Reports for July, August, and September 2015.

We performed the continuous compliance auditing of the Treasurer's investment portfolio at the request of the Treasury Oversight Committee. Our continuous auditing is designed to provide reasonable assurance to the Board of Supervisors, the County Executive Officer, Treasury Oversight Committee, and other stakeholders that the Treasurer's investment portfolio is in compliance with specific provisions of the IPS and that non-compliance deficiencies or technical incidents and required disclosures are properly reported.

Our compliance procedures included judgmentally selecting 10 business days for testing from each month and importing the selected electronic downloads from the Treasurer's Quantum System into ACL, computer-assisted audit technique software, for purposes of performing calculations and validating that investment purchases were in compliance with the IPS by reviewing and testing supporting documentation. In conducting our procedures, we examined the following days in July: 1, 6, 7, 10, 14, 16, 21, 23, 28, and 31, August: 3, 5, 7, 11, 13, 17, 19, 24, 28, and 31, and September: 1, 4, 8, 10, 15, 17, 21, 23, 25, and 30.

Based on our continuous compliance auditing for the selected dates, **no compliance deficiencies were identified**, which is discussed later in this report. When applicable, our report also includes information regarding the Treasurer's reporting of technical incidents in the Treasurer's Monthly Investment Reports. The Treasurer defines a technical incident as an event, other than the purchase of a security, which causes an IPS limit to be exceeded. The most common cause of a technical incident is when the total investment pool holdings decrease causing the relative percentage of holdings to increase.



The following lists the procedures performed and results achieved from the compliance continuous auditing procedures:

1. **Authorized Investments (IPS Section VI, VII, and VIII):** We judgmentally selected a sample of 38 investments representing each pool. The sample was selected from investments purchased on the 30 business days selected for review from July to September 2015. For the sample selected, we independently confirmed that the investments conformed to authorized investment requirements in accordance with the IPS. We also confirmed for the Pooled Funds that the Treasurer used issuers and brokers who were on the Treasurer's authorized lists.

**Results:** We found no exceptions.

2. **Diversification Compliance (IPS Section VIII.1):** We performed calculations to determine that the Money Market and Extended Fund portfolios met the diversification limits for investment types in accordance with the IPS.

**Results:** We found no exceptions.

3. **Weighted Average Maturity (WAM) Limitations (IPS Section VIII.2):** We performed calculations to determine that WAM did not exceed 60 days for the Money Market Funds in accordance with the IPS.

**Results:** We found no exceptions.

4. **Maximum Maturity Limitations (IPS Section VIII.2):** We confirmed that the maximum maturity of any portfolio instrument purchased did not exceed 13 months (397 days) for the Money Market Fund and 5 years (1,826 days) for the Extended Fund in accordance with the IPS. For 100-GF investments, we verified that the maximum maturity of any investment did not exceed a year (365 days). For Fountain Valley School District Fund 40 investments, we verified that the maximum maturity of any investment in this fund did not exceed 5 years.

**Results:** We found no exceptions.

5. **Investment Type Maximum Maturity Limitations (IPS Section VIII.1):** We confirmed that the maximum maturity of commercial paper, banker's acceptances, or repurchase agreements purchased did not exceed 270 days for commercial paper, 180 days for banker's acceptances, or one year (365 days) for repurchase agreements in accordance with the IPS.

**Results:** We found no exceptions.

6. **Issuer Limitations (IPS Section VIII.1):** We performed calculations to determine that the Money Market and Extended Fund portfolios did not exceed the investment limits for issuers in accordance with the IPS.

**Results:** We found no exceptions.



7. **Financial Reporting (IPS Section XXI):** We confirmed that the July, August, and September 2015 Treasurer's Monthly Investment Reports included all statements of portfolio non-compliance in accordance with the IPS and any technical incidents were reported consistent with the Treasurer's policy.

**Results:**

*Review of "Investment Policy Compliance Summary"*

The Treasurer's Monthly Investment Report includes an "Investment Policy Compliance Summary" to disclose non-compliance issues that occurred during the month. The Treasurer's "Investment Policy Compliance Summary" for July, August, and September reported no compliance issues.

*Technical Incidents*

Although the Treasurer's IPS does not require technical incidents that occurred during the month to be reported in the Treasurer's Monthly Investment Report, it is the Treasurer's policy to report the details of technical incidents outstanding at month end in the "Investment Policy Compliance Summary." In our sample selection, we did not observe any technical incidents.

Please let me know if you have any questions regarding our continuous auditing procedures.

Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

cc: Members, Board of Supervisors  
Members, Audit Oversight Committee  
Shari L. Freidenrich, Treasurer-Tax Collector  
Eric H. Woolery, Auditor-Controller  
Frank Kim, County Executive Officer  
Paul C. Gorman, Chief Assistant Treasurer-Tax Collector - Treasury  
Tomas Vargas, Assistant Treasurer-Tax Collector - Investments  
JC Squires, Financial Manager, Treasurer-Tax Collector  
Robin Stieler, Clerk of the Board of Supervisors  
Foreperson, Grand Jury  
Macias Gini & O'Connell, LLP, County External Auditor

# MONTHLY TREASURER'S INVESTMENT REPORT

## Distribution List

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### County of Orange Elected Officials

Honorable Sandra Hutchens, Sheriff-Coroner  
Honorable Hugh Nguyen, Clerk-Recorder  
Honorable Claude Parrish, Assessor  
Honorable Anthony J. Rackauckas, Jr., District  
Attorney/Public Administrator  
Honorable Eric Woolery, Auditor-Controller

### Treasury Oversight Committee

Gary Capata  
William "Andy" Dunn  
Frank Kim  
Al Mijares  
Laura Parisi  
Richard Rohm  
Eric Woolery

### County of Orange Departments

Assessor  
Auditor-Controller  
Child Support Services  
Clerk of the Board  
Clerk-Recorder  
County Counsel  
County Executive Office  
District Attorney/Public Administrator  
Health Care Agency  
Human Resources Services  
John Wayne Airport  
OC Community Resources  
OC Dana Point Harbor  
OC Public Works  
OC Waste & Recycling  
Independent Review  
Performance Audit  
Probation  
Public Defender  
Registrar of Voters  
Sheriff-Coroner  
Social Services Agency

### County Agencies

Children & Families Commission  
Civic Center Commission  
Law Library  
Orange County Employees Retirement System  
Orange County Cemetery District  
Orange County Fire Authority  
Orange County Transportation Authority  
Transportation Corridor Agencies

### State of California

CDIAC  
Superior Court

### Orange County School Districts

Orange County Department of Education  
Anaheim City School District  
Anaheim Union High School District  
Brea-Olinda Unified School District  
Buena Park School District  
Capistrano Unified School District  
Centralia School District  
Cypress School District  
Fountain Valley School District  
Fullerton School District  
Fullerton Joint Union High School District  
Garden Grove Unified School District  
Huntington Beach City School District  
Huntington Beach Union High School District  
Irvine Unified School District  
Laguna Beach Unified School District  
La Habra City School District  
Los Alamitos Unified School District  
Lowell Joint School District  
Magnolia School District  
Newport-Mesa Unified School District  
Ocean View School District  
Orange Unified School District  
Placentia-Yorba Linda Unified School District  
Saddleback Valley Unified School District  
Santa Ana Unified School District  
Savanna School District  
Tustin Unified School District  
Westminster School District

### Orange County Community College Districts (CCD)

Coast Community CCD  
North Orange County CCD  
Rancho-Santiago CCD  
South Orange County CCD

### Orange County Regional Occupational Programs (ROP)

Capistrano-Laguna Beach ROP  
Coastline ROP  
North Orange County ROP

### Voluntary Pool Participants (date approved)

Serrano Water District (6-22-99)  
City of Villa Park (10-2-01)  
City of Tustin (5-21-02)  
Mesa Water District (8-9-02)  
Orange County Water District (3-30-04)  
Municipal Water District of OC (7-27-04)  
Orange County Mosquito and Vector Control  
District (11-14-06)  
Buena Park Library District (2-9-10)  
Local Agency Formation Commission (10-5-10)  
Villa Park Community Services Foundation (4-5-11)  
City of Laguna Niguel (3-13-14)  
City of Lake Forest (12-16-15)

**APPENDIX H**  
**SPECIMEN CERTIFICATE INSURANCE POLICY**

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**BAM**

**MUNICIPAL BOND  
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



**BAM**

**CALIFORNIA  
ENDORSEMENT TO  
MUNICIPAL BOND  
INSURANCE POLICY  
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language.

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

\_\_\_\_\_  
Authorized Officer