County Administrative Office
COUNTY OF TULARE
AGENDA ITEM

AGENDA DATE: April 24, 2018

Public Hearing Required	Yes	☐	N/A	☒
Scheduled Public Hearing w/Clerk	Yes	☐	N/A	☒
Published Notice Required	Yes	☐	N/A	☒
Advertised Published Notice	Yes	☐	N/A	☒
Meet & Confer Required	Yes	☐	N/A	☒
Electronic file(s) has been sent	Yes	☒	N/A	☐
Budget Transfer (Aud 308) attached	Yes	☐	N/A	☒
Personnel Resolution attached	Yes	☐	N/A	☒
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	☐	N/A	☒

CONTACT PERSON: Michael C. Spata PHONE: 559-636-5005

SUBJECT: Approval of Pension Obligation Bonds

REQUEST(S):

That the Board of Supervisors:

(1) Receive the financial information required by Government Code section 5852.1 concerning the proposed issuance and sale of Pension Obligation Bonds in the principal amount not to exceed $252,000,000; and

(2) Adopt the attached Resolution authorizing the issuance and sale of one or more series of County of Tulare Taxable Pension Obligation Bonds in a principal amount not to exceed $252,000,000 by negotiated sale, approving the forms of and authorizing the execution and delivery of a Trust Agreement, a Bond Purchase Agreement, a Continuing Disclosure Certificate, a Preliminary Official Statement and an Official Statement, and approving related documents, official actions and other matters relating thereto.

SUMMARY:

At the meeting of February 27, 2018, the Board of Supervisors directed the County Administrative Officer (CAO) and staff to proceed with the steps necessary for the issuance and sale of $250,000,000 in taxable Pension Obligation Bonds to pay down the County's share of the unfunded actuarial liability ("UAL") of Tulare County Employees' Retirement Plan, thereby reducing the County's annual payments on that debt to the Tulare County Employees' Retirement Association ("TCERA").

In connection with the issuance and sale of the Pension Obligation Bonds, Government Code section 5852.1 requires public disclosure of the following financial information before final approval of the issuance of the bonds:

(A) The true interest cost of the bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds;
(B) The finance charge of the bonds, which means the sum of all fees and charges paid to third parties;
(C) The amount of proceeds received by the County for sale of the bonds less the finance charge of the bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the bonds; and
(D) The total payment amount, which means the sum total of all payments the County will make to pay debt service on the bonds plus the finance charge of the bonds described in subparagraph (B) not paid with the proceeds of the bonds. The total payment amount shall be calculated to the final maturity of the bonds.

The required information is shown in the attached report prepared by the County's Bond Underwriter Raymond James & Associates, Inc. with the assistance of the County's financial advisor KNN Public Finance, LLC.

In summary, the fees to be paid to third parties for issuance and sale of the bonds (which are to be paid from and are contingent upon issuance and sale of the bonds) are as follows:

Name	Amount	Services
Raymond James & Associates, Inc.	$ 699,884	Underwriter
Hawkins Delafield & Wood LLP	79,000	Bond Counsel
Stradling Yocca Carlson & Rauth PC	36,500	Disclosure Counsel
KNN Public Finance, LLC.	163,000	Financial Advisor
Standard & Poor's	110,000	Ratings
Moody's	110,000	Ratings
U.S. Bank, National Association	3,250	Trustee
TBD	5,000	POS/OS Printing
TBD	10,000	Contingency
Totals	$1,216,634	

With the assistance of the Financial Advisor, Bond Counsel, Disclosure Counsel, and the Underwriter, as well as assistance from the Auditor-Controller and CAO, necessary documents have been prepared for the issuance and sale of the bonds, including the attached Resolution.

Adoption of the Resolution, in turn, will approve a Trust Agreement with U.S. Bank, National Association; a Bond Purchase Agreement with the Underwriter; a Continuing Disclosure Certificate; a Debenture, a Preliminary Official Statement; and Agreements for services with the Financial Advisor, Bond Counsel, and Disclosure Counsel, and authorize the Board Chairman or County Administrative Officer to finalize and sign the agreements and other required documents, including an acknowledgment of receipt from the Underwriter of the disclosures required by Municipal Securities Rulemaking Board Rule G-17. Copies of each of these documents, in substantially final form, are attached.

Also, in connection with the proposed issuance and sale of the bonds, County staff and consultants, along with the Board Chairman, sought and have received from the Board of Retirement of TCERA written assurance, in the form of a TCERA Board Resolution, that TCERA will accept the bond proceeds, credit the proceeds against the County's proportionate share of the UAL appropriately, and reduce the County's scheduled payments against the UAL accordingly.

FISCAL IMPACT/FINANCING:

Fiscal Impacts have been delineated in the Agenda Item of February 27, 2018; the presentations and reports to the Board from KNN, Raymond James & Associates and the CAO; and the attached disclosure report.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Approval of this agenda item will fulfill the strategic goals of the Tulare County's Strategic Plan in that the proposed matter will implement the four strategic goals of the Plan, namely, (1) Public Safety and Security, (2) Economic Well-Being, (3) Quality of Life, and (4) Organizational Performance.

More specifically, by pursuing the issuance of Pension Obligation Bonds and paying down the County's Retirement Plan debt, all of these strategic goals will be implemented in that fiscal vitality and budgetary sustainability will be enhanced since the Board of Supervisors will be addressing the growing unfunded liability from the retirement system.

ADMINISTRATIVE SIGN-OFF:

____

Michael C. Spata
County Administrative Officer

cc: Auditor-Controller
County Counsel
County Administrative Office (2)

Attachment(s)

1. Report from Raymond James & Associates, Inc. providing financial information required by Government Code section 5852.1;
2. Board Resolution Authorizing the issuance and sale of one or more series of County of Tulare Taxable Pension Obligation Bonds in a principal amount not to exceed $252,000,000 by negotiated sale, approving the forms of and authorizing

the execution and delivery of a Trust Agreement, a Bond Purchase Agreement, a Continuing Disclosure Certificate, a Preliminary Official Statement and an Official Statement and approving related documents, official actions and other matters relating thereto;

3. Trust Agreement with US Bank, National Association;
4. Bond Purchase Agreement with Raymond James & Associates, Inc.;
5. Continuing Disclosure Certificate;
6. Debenture;
7. Preliminary Official Statement;
8. Agreement for Financial Advisory Services with KNN Public Finance, LLC;
9. Agreement for Bond Counsel Services with Hawkins Delafield & Wood, LLP;
10. Agreement for Disclosure Counsel Services with Stradling Yocca Carlson & Rauth, PC; and
11. Underwriter's Disclosures required by Municipal Securities Rulemaking Board Rule G-17 and Acknowledgment of receipt of such Disclosures.

MCS/JLK/2017141/12/2/2018 1157272

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA

In the Matter of Approving	)	
Pension Obligation Bonds	)	**Resolution No. ____________**
	)	**Agreement No. ____________**
	)	

UPON MOTION OF SUPERVISOR _______________, SECONDED BY SUPERVISOR ____________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____________ _____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: ______________________________
Deputy Clerk

* * * * * * * * * * * * * * * * * *

1. Received the financial information required by Government Code section 5852.1 concerning the proposed issuance and sale of Pension Obligation Bonds in the principal amount not to exceed $252,000,000; and

2. Adopted a Resolution authorizing the issuance and sale of one or more series of County of Tulare Taxable Pension Obligation Bonds in a principal amount not to exceed $252,000,000 by negotiated sale, approving the forms of and authorizing the execution and delivery of a Trust Agreement, a Bond Purchase Agreement, a Continuing Disclosure Certificate, a Preliminary Official Statement and an Official Statement and approving related documents, official actions and other matters relating thereto.

Attachment 1

Report from Raymond James & Associates, Inc. providing financial information required by Government Code section 5852.1

PUBLIC DISCLOSURES RELATING TO 2018 PENSION OBLIGATION BONDS

Pursuant to California Government Code Section 5852.1, KNN Public Finance (the "Municipal Advisor") and Raymond James & Associates, Inc. (the "Underwriter") have provided the following required information to the County prior to the County's regular meeting (the "Meeting") of its Board of Supervisors (the "Board") at which Meeting the Board will consider the authorization of 2018 Pension Obligation Bonds (the "Bonds") as identified below.

It should be noted that the following information constitutes good faith estimates only as of April 13, 2018. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates below due to the timing of the sale of the Bonds, the amount of Bonds sold, the amortization of the Bonds sold, and prevailing market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the County. The actual interest rates at which the Bonds will be sold will depend on the bond market on the date and at the time of the sale. The actual amortization of the Bonds will also depend, in part, on market interest rates on the date and at the time of the sale. Market interest rates are affected by economic, national, international, and other factors beyond the control of the County, the Municipal Advisor, and the Underwriter.

(A) The true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Bonds (to the nearest ten-thousandth of one percent): 4.75%.

(B) The finance charge of the Bonds, which means the sum of all fees and charges paid to third parties: $1,216,634, consisting of the following:

Name	Amount	Services
Raymond James & Associates, Inc.	$ 699,884	Underwriter
Hawkins Delafield & Wood LLP	79,000	Bond Counsel
Stradling Yocca Carlson & Rauth PC	36,500	Disclosure Counsel
KNN Public Finance, LLC.	163,000	Financial Advisor
Standard & Poor's	110,000	Ratings
Moody's	110,000	Ratings
U.S. Bank, National Association	3,250	Trustee
TBD	5,000	POS/OS Printing
TBD	10,000	Contingency
Totals	$1,216,634	

(C) The amount of proceeds received by the County from the sale of the Bonds less the finance charge of the Bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Bonds: $250,000,000.

(D) The total payment amount, which means the sum total of all payments the County will make to pay debt service on the Bonds plus the finance charge of the Bonds described in subparagraph (B) not paid with the proceeds of the Bonds (which total payment amount shall be calculated to the final maturity of the Bonds): $386,500,231.

This document has been made available to the public at the Meeting of the Board.

Dated: April 13, 2018

Attachment 2

Board Resolution Authorizing the issuance and sale of one or more series of County of Tulare Taxable Pension Obligation Bonds in a principal amount not to exceed $252,000,000 by negotiated sale, approving the forms of and authorizing the execution and delivery of a Trust Agreement, a Bond Purchase Agreement, a Continuing Disclosure Certificate, a Preliminary Official Statement and an Official Statement and approving related documents, official actions and other matters relating thereto

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF TULARE AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF COUNTY OF TULARE TAXABLE PENSION OBLIGATION BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED $252,000,000 BY NEGOTIATED SALE, APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND APPROVING RELATED DOCUMENTS, OFFICIAL ACTIONS AND OTHER MATTERS RELATING THERETO

WHEREAS, the County of Tulare (the "County") adopted a retirement plan under the County Employees Retirement Law of 1937, being Chapter 3 of Part 3 of Division 4 of Title 3 of the Government Code of the State of California, Sections 31450 through 31898, inclusive, as amended (the "Retirement Law"); and

WHEREAS, the Retirement Law obligates the County to (1) make annual contributions to the Tulare County Employees' Retirement Association ("TCERA") to fund pension benefits for its employees who are members of TCERA, (2) amortize the unfunded accrued actuarial liability ("UAL") with respect to such pension benefits, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, based upon an actuarial report of TCERA's actuary (the "Actuary"), the County and other sponsors of the retirement plan had as of June 30, 2017 an unfunded actuarial liability (the "UAL") to TCERA in the amount of $344,751,000, of which the County's proportionate share was approximately 95% and which constitutes an obligation of the County pursuant to the Retirement Law; and

WHEREAS, the County desires to evidence its obligations to TCERA to pay a portion of its proportionate share of the UAL by issuing a debenture (the "Debenture") to TCERA; and

WHEREAS, the County is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") to issue bonds for the purpose of refunding any evidence of indebtedness of the County; and

WHEREAS, pursuant to this Resolution and the Act, the County desires to issue and sell bonds designated as the "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Bonds" (the "Series 2018 Bonds"), in one or more series, in an aggregate principal amount not to exceed $252,000,000 for the purpose of refunding the Debenture and to pay the costs of issuance of the Series 2018 Bonds; and

WHEREAS, on August 9, 1996, a default judgment was entered by the Superior Court of the State of California for the County of Tulare entitled *County of Tulare v. All Persons Interested et al.*, Tulare County Superior Court Case No. 96-174828, which determined, among other things, that the County's pension obligation bonds ("POBs") are valid, legal and binding obligations of the County and in conformity with all applicable provisions of law; and

WHEREAS, the County adopted Debt Policies by formal action of this Board on January 14, 2014 and amended those policies on November 7, 2017 to conform to the requirements of Senate Bill No. 1029 (2016); and

WHEREAS, the County's Debt Policies provide that:

(a) the County may consider issuing POBs which are financing instruments that would be used to pay some or all of the County's UAL, which itself is a form of "debt" owed to the retirement plan; and

(b) POBs must be issued on a taxable basis and the proceeds transferred to the Tulare County Employees' Retirement Association ("TCERA") as a pre-payment of all or part of the County's UAL, with the POB proceeds to be invested by TCERA; and

(c) POBs would be used to refund at least a portion of the County's UAL at a lower interest rate to achieve cost savings and would be issued only after careful consideration by the Board of Supervisors of the County (the "Board") of potential benefits and risks, with considerations to include:

- the interest rate spread between the expected borrowing rate for the POBs and the assumed rate of return on retirement plan investments;

- investment risk associated with the investment of POB proceeds;

- issuing a sufficient amount of POBs to generate market interest; and

- the County's overall pension burden, including both POB debt and UAL; and

WHEREAS, with the assistance of KNN Public Finance, LLC, the County's Municipal Advisor, Raymond James & Associates, Inc., the Underwriter named in the herein described Bond Purchase Agreement, and staff, this Board has carefully analyzed and considered the potential benefits and risks of issuing POBs, including the factors outlined above, and determined that it is in the best interests of the County to authorize the issuance and sale of POBs as provided herein and that such issuance is consistent with the County's Debt Policies;

WHEREAS, to document the manner in which TCERA will apply the proceeds of the Series 2018 Bonds to the County's proportionate share of the UAL, the Board of Retirement of TCERA has adopted a Resolution giving assurance that it will accept said proceeds, will credit the proceeds against the County's proportionate share of the UAL appropriately, and will reduce the County's scheduled payments against said proportionate share accordingly; and

WHEREAS, in accordance with Government Code Section 5852.1, before adoption of this Resolution this Board obtained and disclosed all of the following information in a meeting open to the public, which information was based on good faith estimates provided by KNN Public Finance, LLC:

(a) the true interest cost of the Series 2018 Bonds, which means the rate necessary to discount the amounts payable on the principal and interest payment dates to the purchase price received for the Series 2018 Bonds,

(b) the finance charge of the Series 2018 Bonds, which means the sum of all fees and charges paid to third parties,

(c) the amount of proceeds received by the County for sale of the Series 2018 Bonds less the finance charge of the Series 2018 Bonds described in subparagraph (b), and

(d) the total payment amount, which means the sum total of all payments the County will make to pay debt service on the Series 2018 Bonds plus the finance charge of the Series 2018 Bonds described in subparagraph (b) not paid with the proceeds of the Series 2018 Bonds, calculated to the final maturity of the Series 2018 Bonds;

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED, by the Board of Supervisors of the County of Tulare, as follows:

Section 1. Findings and Determinations. The Board hereby finds and determines that the foregoing recitals are true and correct. Pursuant to the Act, the Board hereby finds and determines that the issuance of the Series 2018 Bonds and transactions related thereto will result in significant public benefits to the citizens of the County.

Section 2. Approval of Series 2018 Bonds. The County hereby approves the issuance of the Series 2018 Bonds in an aggregate principal amount of not to exceed $252,000,000 for the purpose of refunding the Debenture and providing for the costs of issuance of the Series 2018 Bonds; provided that the Series 2018 Bonds shall not mature after June 30, 2037 and shall bear a true interest cost not greater than five and one-quarter percent (5.25%). In addition, the underwriting discount on the purchase price of the Series 2018 Bonds shall not exceed .478% of the aggregate principal amount of the Series 2018 Bonds. The Series 2018 Bonds shall constitute an obligation imposed by law, pursuant to the Constitution of the State of California and the Retirement Law and an obligation of the County not limited as to payment from any special source of funds. The Series 2018 Bonds shall not, however, constitute an obligation of the County for which the County is obligated or permitted to levy or pledge any form of taxation or for which the County has levied or pledged or will levy or pledge any form of taxation.

Section 3. Approval of Related Financing Documents. The County hereby approves each of the following agreements or instruments required to implement the financing plan to be accomplished by the Series 2018 Bonds, in substantially the respective forms on file with the Clerk of the Board together with such additions thereto and changes therein as the Designated Officers (as defined below) shall deem necessary, desirable or appropriate, the execution of which by the County shall be conclusive evidence of the approval of any such additions and changes:

(a) a Trust Agreement (the "Trust Agreement") to be entered into between the County and U.S. Bank National Association, as trustee (the "Trustee") relating to the Series 2018 Bonds;

(b) a Preliminary Official Statement for the Series 2018 Bonds (the "Preliminary Official Statement");

(c) a Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the County and Raymond James & Associates, Inc. (the "Underwriter");

(d) a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") executed by the County;

(e) a Debenture (the "Debenture") evidencing all or part of the UAL;

(f) an Agreement for Financial Advisory Services by and between the County and KNN Public Finance LLC;

(g) an Agreement for Bond Counsel Services by and between the County and Hawkins Delafield & Wood LLP;

(h) an Agreement for Disclosure Counsel Services by and between the County and Stradling Yocca Carlson & Rauth, a Professional Corporation; and

(i) Acknowledgment of receipt from the Underwriter of the disclosures required by Municipal Securities Rulemaking Board Rule G-17.

The Designated Officers are, and each acting alone is, hereby authorized and directed to execute, and the Clerk of the Board is hereby authorized and directed to attest and affix the seal of the County to, the final form of such agreements and instruments for and in the name and on behalf of the County. The County hereby authorizes the delivery and performance of such agreements and instruments and such other agreements and instruments as may be necessary to carry out the purposes hereof.

Section 4. Official Statement. The County hereby approves the Preliminary Official Statement in substantially the form on file with the Clerk of the Board, together with such additions thereto and changes therein as the Designated Officers or any one of them acting alone shall deem necessary, desirable, or appropriate. The Designated Officers are, and each of them acting alone is, hereby authorized and directed, or any one of them, as they deem appropriate, to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, except for permitted omissions, the preliminary form of the Official Statement describing the Series 2018 Bonds. Distribution of such Preliminary Official Statement by the Underwriter to prospective purchasers of the Series 2018 Bonds is hereby approved. The Designated Officers are, each acting alone is, hereby authorized to execute the Final Official Statement (the "Final Official Statement"), including as it may be modified by such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, and the execution of the Final Official Statement by the County shall be conclusive evidence of the approval of any such additions and changes. The County hereby authorizes the distribution of the Final Official Statement by the Underwriter and the County's Municipal Advisor.

Section 5. Transfer of Funds. If the Board fails or neglects to make appropriations for transfer in respect of its obligation to pay the Series 2018 Bonds, and in accordance with the

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Retirement Law at Section 31584 of the California Government Code, the Auditor-Controller/Treasurer-Tax Collector of the County is hereby authorized and directed to transfer from any money available in any fund of the County amounts necessary to make such payments with such transfer having the same force and effect as an appropriation by this Board.

Section 6. Ratification of Actions. All actions heretofore taken by any officers, employees or agents of the County with respect to the issuance, delivery or sale of the Series 2018 Bonds, or in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified.

Section 7. Designated Officer, General Authorization. Any one of the Chairman of the Board, the Vice Chairman of the Board, the County Administrative Officer, the Clerk of the Board or the Auditor-Controller/Treasurer-Tax Collector of the County (each, a "Designated Officer"), and each of them acting alone or together, are hereby authorized and directed, for and in the name of and on behalf of the County, to take such actions, and to execute such agreements, documents, instruments, and certificates as may be necessary to effectuate the purposes of this Resolution.

Section 8. Official Actions. The Designated Officers are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Series 2018 Bonds and the consummation and continuing administration of the transactions as described herein.

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Section 9. Effective Date. This Resolution shall take effect immediately.

UPON MOTION OF SUPERVISOR ______________________________, SECONDED BY SUPERVISOR _______________________, THE FOREGOING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD APRIL 24, 2018, BY THE FOLLOWING VOTE:

AYES: ____
NOES: ____
ABSTAIN: ____
ABSENT: ____

ATTEST: MICHAEL C. SPATA
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: ________________________________
Deputy Clerk

DATE ______________________________

APPROVED AS TO FORM:
COUNTY COUNSEL

BY ___________________________
Deputy

DATE _________________________

Matter No. 2017141

Attachment 3

Trust Agreement with
U.S. Bank, National Association

HDW Draft – 4/10/18

TRUST AGREEMENT

by and between the

COUNTY OF TULARE

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of June 1, 2018

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relating to

$[PRINCIPAL AMOUNT]
COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS; INTERPRETATION

ARTICLE II

THE SERIES 2018 BONDS

ARTICLE III

EXECUTION, AUTHENTICATION AND EXCHANGE OF SERIES 2018 BONDS; BOOK ENTRY BONDS

ARTICLE IV

REDEMPTION OF SERIES 2018 BONDS

ARTICLE V

APPLICATION OF PROCEEDS; SOURCE OF PAYMENT OF SERIES 2018 BONDS

ARTICLE VI

CREATION OF CERTAIN FUNDS AND ACCOUNTS

ARTICLE VII

COVENANTS OF THE COUNTY

ARTICLE VIII

INVESTMENTS

ARTICLE IX

DEFEASANCE

ARTICLE X

DEFAULTS AND REMEDIES

ARTICLE XI

THE TRUSTEE

ARTICLE XII

AMENDMENTS AND SUPPLEMENTS TO TRUST AGREEMENT

ARTICLE XIII

MISCELLANEOUS PROVISIONS

TRUST AGREEMENT

This **TRUST AGREEMENT** is dated as of June 1, 2018, and is made by and between the **COUNTY OF TULARE**, a political subdivision of the State of California (the "County"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee").

RECITALS

WHEREAS, the County adopted a retirement plan under the County Employees' Retirement Law of 1937, being Title 3, Division 4, Part 3, Chapter 3 of the California Government Code, commencing with Section 31450, as amended (the "Retirement Act"); and

WHEREAS, the Tulare County Employees' Retirement Association (the "Retirement Association") was organized under the Retirement Act to provide for retirement compensation for its members' employees; and

WHEREAS, the Retirement Act obligates the County to make annual contributions to the Retirement Association to fund pension benefits for its employees, to amortize the unfunded actuarial liability (the "UAL") with respect to such pension benefits over a period not exceeding 30 years and to appropriate funds for such purpose; and

WHEREAS, as of June 30, 2017, the amount of the retirement plan's Accrued Liability had been most recently calculated by the Retirement Association's actuary to be $344,751,000, of which the County's proportionate share is approximately 95% and

WHEREAS, the County's obligation to pay the Retirement Association a portion of the County's proportionate share of the UAL is evidenced by a debenture (the "Debenture") in favor of the Retirement Association;

WHEREAS, on April 24, 2018, the Board of Supervisors adopted a resolution which authorized the County to issue the Series 2018 Bonds (herein defined) to refund the Debenture and to pay the costs of issuance incurred in connection with the issuance of the Series 2018 Bonds; and

WHEREAS, in order to provide for the execution, authentication and delivery of the Series 2018 Bonds, to establish and declare the conditions and terms upon which the Series 2018 Bonds are to be issued and to secure the payment of the interest thereon and the principal thereof, the County has authorized the execution and delivery of this Trust Agreement; and

WHEREAS, the County is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code") to issue refunding bonds for the purpose of refunding any evidence of indebtedness of the County; and

WHEREAS, the County has determined that all acts and proceedings required by law necessary to make the Series 2018 Bonds, when executed by the County and authenticated and delivered by the Trustee hereunder, valid, binding and legal obligations of the County payable in accordance with their terms, and to constitute this Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Trust Agreement has been in all respects duly authorized;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED AS HAVING BEEN RECEIVED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Certain Defined Terms. The terms defined in this Article I shall, for all purposes of this Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, have the meanings specified unless the context clearly requires otherwise.

"**Account**" means any account established pursuant to this Trust Agreement.

"**Additional Bonds**" means bonds issued in accordance with Section 2.06 hereof.

"**Association**" means the Tulare County Employees' Retirement Association.

"**Authorized County Representative**" means the County Administrative Officer, or any other officer of the County duly authorized by the County to act on his behalf.

"**Authorized Denominations**" means $5,000 or any integral multiple thereof.

"**Beneficial Bondholder**" means, whenever used with respect to a Series 2018 Bond, the person in whose name such Series 2018 Bonds is recorded as the Beneficial Bondholder of such Series 2018 Bonds by a Participant on the records of such Participant or such person's subrogee.

"**Bond Counsel**" means Hawkins Delafield & Wood LLP, Los Angeles, California or another firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under this Trust Agreement and acceptable to the County.

"**Bond Interest Account**" means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

"**Bond Principal Account**" means the Account of that name established within the Revenue Fund pursuant to Section 6.02(a) hereof.

"**Bondholder**" or "**registered Bondholder**" means the registered Bondholder of any Series 2018 Bonds, including DTC or its nominee as the sole registered Bondholder of Book-Entry Bonds.

"**Book-Entry Bonds**" means the Series 2018 Bonds held by DTC (or its nominee) as the registered Bondholder thereof pursuant to the terms and provisions of Section 3.03 hereof.

"**Business Day**" means a day (a) other than a day on which banks located in the City of New York, New York or the city in which the Principal Office of the Trustee is located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

"**Closing Date**" means [Closing Date].

"**Comparable Treasury Issue**" means, with respect to any redemption date for a particular Series 2018 Bond, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2018 Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2018 Bonds to be redeemed.

"**Comparable Treasury Price**" means, with respect to any redemption date for a particular Series 2018 Bond, (1) the average of the applicable Reference Treasury Dealer Quotation for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"**Continuing Disclosure Certificate**" shall mean that certain Continuing Disclosure Certificate, dated as of June 1, 2018, as amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all costs and expenses incurred by the County in connection with the issuance of the Series 2018 Bonds, including, but not limited to, out-of-pocket expenses of the County, costs and expenses of printing and copying documents and the Series 2018 Bonds and the fees, costs and expenses of the Rating Agency, the Trustee, counsel to the Trustee, Bond Counsel, Disclosure Counsel, the Association's actuary, the County's accountants, the County's municipal finance consultant and other consultants to the County.

"**Costs of Issuance Fund**" means the Fund of that name established pursuant to Section 6.01 hereof.

"**Debenture**" has the meaning assigned that term in the Recitals to this Trust Agreement.

"**Defeasance Obligations"** means (i) cash, (ii) non-callable Federal Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment of principal of and premium, if any, and interest due on the Series 2018 Bonds and/or (iii) Pre-refunded Municipals, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment of principal of and premium, if any, and interest due on the Series 2018 Bonds.

"**DTC**" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"**EMMA System**" means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, and any successor and assignee thereof.

"**Event of Default**" means any occurrence or event specified in Section 10.01 hereof.

"**Federal Securities**" means the following:

1. U.S. Treasury certificates, notes and bonds (including State and Local Government Series -- "SLGS").

2. Direct obligations of the Treasury which have been stripped by the Treasury itself.

3. Resolution Funding Corp. (REFCORP) obligations. Only the interest components of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

4. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

   a. U.S. Export-Import Bank (Eximbank)
      Direct obligations or fully guaranteed certificates of beneficial ownership
   b. Farmers Home Administration (FmHA)
      Certificates of beneficial ownership
   c. Federal Financing Bank
   d. U.S. General Services Administration
      Participation certificates
   e. U.S. Maritime Administration
      Guaranteed Title XI financing
   f. U.S. Department of Housing and Urban Development (HUD)
      Project Notes
      Local Authority Bonds
      New Communities Debentures
         -- U.S. government guaranteed debentures
      U.S. Public Housing Notes and Bonds
         -- U.S. government guaranteed public housing notes and bonds.

"**Fiscal Year**" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the County designates as its fiscal year.

"**Fund**" means any fund established pursuant to this Trust Agreement."

"**Independent Investment Banker**" means one of the Reference Treasury Dealers designated by the County.

“Information Services” means the EMMA System or, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds, or such services as the County may indicate in a certificate of the County delivered to the Trustee.

“**Interest Payment Date**” means each June 1 and December 1, commencing on December 1, 2018.

“**Mail**” means by first-class United States mail, postage prepaid.

“**Moody’s**” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the County.

“**Opinion of Bond Counsel**” means a written opinion of Bond Counsel.

“**Outstanding**,” with respect to the Series 2018 Bonds, means all Series 2018 Bonds which have been authenticated and delivered under this Trust Agreement, except:

(a) Series 2018 Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Series 2018 Bonds deemed to be paid in accordance with Section 9.02 hereof.

(c) Series 2018 Bonds in lieu of which other Series 2018 Bonds have been authenticated under Sections 3.02 and 3.04 hereof.

(d) Series 2018 Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee.

(e) For purposes of any consent or other action to be taken by the holders of a specified percentage of Series 2018 Bonds Outstanding under this Trust Agreement, Series 2018 Bonds held by or for the account of the County or by any person controlling, controlled by or under common control with the County, unless such Series 2018 Bonds are pledged to secure a debt to an unrelated party, in which case such Series 2018 Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Series 2018 Bonds are pledged. Nothing herein shall be deemed to prevent the County from purchasing Series 2018 Bonds from any party out of any funds available to the County.

“**Participant**” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“**Permitted Investments**” means any of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, 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 or any Federal Reserve Bank) or securities or other instruments evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations, which shall be held by a custodian on behalf of such owners;

(2) (i) obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation or the Tennessee Valley Authority, or (ii) obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal), or (iii) guaranteed portions of Small Business Administration notes, or (iv) obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise; *provided*, *however*, that prior to investing in investments described in clause (iv) hereof, the County shall have provided to the Trustee a Certificate of the County that such investment shall have been approved for investment hereunder by the Rating Agency;

(3) bills of exchange or time drafts drawn on and accepted by a commercial bank (including the Trustee or its affiliates), otherwise known as bankers acceptances, which are drawn on any bank the short-term obligations of which are of the highest letter and numerical rating category as provided by the Ratings Agencies; *provided* that purchases of eligible bankers acceptances may not exceed 270 days' maturity;

(4) commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by the Ratings Agencies at the time of purchase, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's unsecured debentures, other than commercial paper, as provided by the Ratings Agencies; *provided* that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding commercial paper of an issuing corporation;

(5) certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee or its affiliates) or a state or federal savings and loan association, *provided* that such certificates of deposit either shall be (i) continuously and fully insured by the Federal Deposit Insurance Corporation or (ii) have maturities of not more than 365 days and be issued by any state or national bank or a state or federal savings and loan association, the short term obligations of which are rated in the highest short term letter and numerical rating category by the Rating Agency;

(6) any repurchase agreement with any state or national bank (including the Trustee or its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement either is (i) with any institution which has debt rated no lower than "AA" or whose commercial paper is rated no lower than "A-1"

by S&P, if then rating the Series 2018 Bonds; (ii) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code *provided* that: (a) the term of such repurchase agreement is less than one year or due on demand; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the market value of the collateral is maintained at levels acceptable to the Rating Agency as evidenced by a Certificate of the County delivered to the Trustee; (d) failure to maintain the requisite collateral levels by the agreed "cure period" will require the Trustee to liquidate the collateral immediately; (e) the repurchase agreement securities must be either obligations of, or fully guaranteed as to principal and interest by, the United States of America or any agency of the United States of America, certificates of deposit or bankers' acceptances; and (f) repurchase agreement securities are free and clear of any third-party lien or claim; or (iii) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation; *provided* that: (a) the market value of the collateral is maintained at levels acceptable to the Rating Agency as evidenced by a Certificate of the County delivered to the Trustee; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the Trustee has a perfected first priority security interest in the collateral; (d) the collateral is free and clear of third-party liens and in the case of a Securities Investors Protection Corporation broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement; and (e) failure to maintain the requisite collateral percentage by the agreed "cure period" will require the Trustee to liquidate the collateral immediately ("cure period" is defined as the time agreed to by the parties as the deadline for satisfaction of margin maintenance obligations which in the absence of an agreed "cure period" would be in accordance with market practices the same day as the margin notice is received);

(7) certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or of any political subdivision or public agency, including the County of Tulare, thereof which are rated in the highest short-term rating category or within one of the two highest long term rating categories of the Rating Agency (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(8) for amounts less than $10,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank including affiliates of the Trustee, or state or federal savings and loan association in the State, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(9) investments in taxable government money market portfolios restricted to obligations with an average maturity of one year or less, issued, or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America or repurchase agreements with underlying collateral which is issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America, and rated in either of the two highest rating categories by the Rating Agency, including those for which the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(10) investment agreements including guaranteed investment contracts with providers rated "AA" or better by the Rating Agency and forward delivery agreements for the delivery of investments otherwise qualifying as Permitted Investments, provided that any investment

agreement for the investment of the Bond Fund will also be subject to the review and acceptance of the Rating Agency; and

(11) the Tulare County Treasury Pool.

"**Pre-refunded Municipals**" means pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, if the issue is only rated by S&P, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal obligations.

"**Principal Office of the Trustee**" means the office of the Trustee at the address set forth in Section 13.06 of this Trust Agreement, provided for transfer, exchange, registration, surrender and payment of Series 2018 Bonds means care of the corporate trust office of U.S. Bank National Association in San Francisco, California or such other office designated by the Trustee.

"**Rating Agency**" means S&P, Moody's, or such other entities as are designated by the County from time to time and who have assigned a rating on the Series 2018 Bonds.

"**Rating Category**" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Record Date**" means the first Business Day of each calendar month in which there is an Interest Payment Date.

"**Redemption Fund**" means the Fund of that name established pursuant to Section 6.03 hereof.

"**Reference Treasury Dealer**" means each of the four firms, as specified by the County from time to time, that are primary U.S. government securities dealers in the City of New York (each, a Primary Treasury Dealer) and their successors; provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2018 Bond of a particular maturity, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm., New York City time, on the third business day preceding such redemption date.

"**Representation Letter**" means the Letter of Representations from the County and the Trustee to DTC with respect to the Series 2018 Bonds.

"**Requisition**" means a Requisition substantially in the form of Exhibit B hereof, which is incorporated herein by reference thereto.

“**Responsible Officer**” means an officer of the Trustee assigned by the Trustee to administer this Trust Agreement.

“**Retirement Act**” has the meaning assigned that term in the Recitals to this Trust Agreement.

“**Revenue Fund**” means the Fund of that name established pursuant to Section 6.02(a) hereof.

“**S&P**” means Standard & Poor’s, a Division of the McGraw-Hills Companies, Inc., and its successors, and if S&P shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

“**Securities Depositories**” means The Depository Trust Company and such other securities depositories as may be designated by the County.

“**Series 2018 Bonds**” means the bonds issued under this Trust Agreement and designated as “County of Tulare Taxable Pension Obligation Bonds, Series 2018.”

“**State**” means the State of California.

“**Treasury Rate**” means, with respect to any redemption date for a particular Series 2018 Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue computed as of the second business day immediately preceding that redemption date assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

“**Trust Agreement**” means this Trust Agreement, dated as of June 1, 2018, by and between the County and the Trustee, as it may be amended, supplemented, or otherwise modified from time to time.

“**Trustee**” means U.S. Bank National Association, and any successor as provided in this Trust Agreement.

Section 1.02. Other Definitional Provisions. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Trust Agreement. Any of the terms defined in Section 1.01 may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the County and the Trustee for the benefit of the Owners from time to time of all Bonds authorized, issued, executed and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, with respect to all Bonds which may from time to time be authorized, issued, executed and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the County shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, issuance, execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE SERIES 2018 BONDS

Section 2.01. Issuance of Series 2018 Bonds. The Series 2018 Bonds shall be issued by the County under the terms of this Trust Agreement to refund the Debenture and to pay the Costs of Issuance in connection with the issuance of the Series 2018 Bonds. The Series 2018 Bonds shall be designated "County of Tulare Taxable Pension Obligation Bonds, Series 2018" and shall be issued in Authorized Denominations. The aggregate principal amount the Series 2018 Bonds shall be $[PRINCIPAL AMOUNT]. Interest on the Series 2018 Bonds shall be payable on each Interest Payment Date.

Section 2.02. Description of the Series 2018 Bonds. The Series 2018 Bonds shall be issued in fully registered form and shall be numbered as determined by the Trustee. The Series 2018 Bonds shall be dated their date of delivery and shall initially be issued as Book-Entry Bonds. The Series 2018 Bonds shall mature on the dates in the respective principal amounts and bear interest as the respective rates, all set forth below:

Maturity Date	Principal Amount	Interest Rate
	$	%

Section 2.03. Interest on the Series 2018 Bonds. Interest shall be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30-day months. Interest on each Series 2018 Bond shall accrue from the Interest Payment Date for the Series 2018 Bonds next preceding the date of authentication and delivery thereof, unless (i) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (ii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Closing Date; provided, however, that if at the time of authentication of any Series 2018 Bonds interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Section 2.04. Medium of Payment. Principal and premium, if any, of and interest on the Series 2018 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Series 2018 Bonds will be made on each Interest Payment Date by check or draft of the Trustee sent by Mail, or by wire transfer to any Bondholder of $1,000,000 or more of Series 2018 Bonds, to the account specified by such Bondholder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Bondholder thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which shall not be more than 15 days and not less than ten (10) days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Series 2018 Bonds upon redemption or maturity, will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

Section 2.05. Form. The Series 2018 Bonds of each type shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein. The Series 2018 Bonds may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the County.

Section 2.06. Additional Bonds. From time to time, the County may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending this Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Series 2018 Bonds or to refund any other evidences of indebtedness of the County arising pursuant to the Retirement Act. Such Additional Bonds may be issued on a parity with the Series 2018 Bonds.

ARTICLE III

EXECUTION, AUTHENTICATION AND EXCHANGE OF SERIES 2018 BONDS; BOOK ENTRY BONDS

Section 3.01. Execution and Authentication; Registration.

(a) The Series 2018 Bonds will be signed for the County with the manual or facsimile signature of the Chairman of the Board of Supervisors of the County and the Clerk of the Board of Supervisors of the County, or his or her deputy, is hereby authorized to countersign each of the Series 2018 Bonds on behalf of the County. The County may deliver to the Trustee or its agent duly executed Series 2018 Bonds for authentication from time to time by the Trustee or its agent as such Series 2018 Bonds may be required. Series 2018 Bonds executed and so delivered and authenticated will be valid. In case any officer of the County whose signature or whose facsimile signature shall appear on any Series 2018 Bonds shall cease to be such officer before the authentication of such Series 2018 Bonds, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Series 2018 Bond is the proper officer on the actual date of execution, the Series 2018 Bonds will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Trust Agreement, such person was not such officer.

(b) A Series 2018 Bond will not be valid until the Trustee or its agent executes the certificate of authentication on such Series 2018 Bonds by manual signature. Such signature will be conclusive evidence that such Series 2018 Bonds has been authenticated under this Trust Agreement. The Trustee may appoint an authenticating agent acceptable to the County to authenticate Series 2018 Bonds. An authenticating agent may authenticate Series 2018 Bonds whenever the Trustee may do so. Each reference in this Trust Agreement to authentication by the Trustee includes authentication by such agent.

(c) A Series 2018 Bond may be presented at the Principal Office of the Trustee, unless a different office has been designated for such purpose, for registration, transfer, and exchange. The Trustee shall keep a register of such Series 2018 Bonds and of their transfer and exchange.

Section 3.02. Transfer and Exchange of Series 2018 Bonds. Subject to Section 3.03 hereof:

(a) All Series 2018 Bonds shall be issued in fully registered form. Upon surrender for transfer of any Series 2018 Bonds at the Principal Office of the Trustee, the Trustee shall deliver in the name of the transferee or transferees a new fully authenticated and registered Series 2018 Bonds or Series 2018 Bonds of Authorized Denominations of the same maturity for the aggregate principal amount which the Bondholder is entitled to receive.

(b) All Series 2018 Bonds presented for transfer, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the County, duly executed by the Bondholder or by his duly authorized attorney. The Trustee also may require payment from the Bondholder of a sum sufficient to cover any tax, or other governmental fee or charge that may be imposed in relation thereto. Such taxes, fees and charges shall be paid before any such new Series 2018 Bonds shall be delivered.

(c) Series 2018 Bonds delivered upon any transfer as provided herein, or as provided in Section 3.04, shall be valid obligations of the County, evidencing the same debt as the Series 2018 Bonds surrendered, shall be secured by this Trust Agreement and shall be entitled to all of the security and benefits hereof to the same extent as the Series 2018 Bonds surrendered.

(d) The County and the Trustee shall treat the Bondholder, as shown on the registration books kept by the Trustee, as the person exclusively entitled to payment of principal, premium, if any, and interest with respect to such Series 2018 Bonds and to the exercise of all other rights and powers of the Bondholder, except that all interest payments will be made to the party who, as of the Record Date, is the Bondholder.

Section 3.03. Book-Entry Bonds.

(a) Except as provided in paragraph (c) of this Section 3.03, the registered Bondholder of all of the Series 2018 Bonds shall be DTC and the Series 2018 Bonds shall be registered in the name of Cede & Co., as nominee for DTC.

(b) The Series 2018 Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2018 Bonds for each series and separate stated maturity of the Series 2018 Bonds. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive Bondholder of the Series 2018 Bonds registered in its name for the purposes of payment of the principal or redemption price of, or interest on, the Series 2018 Bonds, selecting the Series 2018 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Trust Agreement, registering the transfer of Series 2018 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2018 Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being a Bondholder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2018 Bonds, (iii) any notice which is permitted or required to be given to Bondholders under this Trust Agreement, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2018 Bonds, or (v) any consent given or other action taken by DTC as a Bondholder. The Trustee shall pay, from funds held under the terms of this Trust Agreement or otherwise provided by the County, all principal or redemption price of and interest on the Series 2018 Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the County's obligations with respect to the principal or redemption price of and interest on the Series 2018 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive authenticated Series 2018 Bonds evidencing the obligation of the County, to make payments of principal or redemption price and interest pursuant to this Trust Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Trust Agreement shall refer to such new nominee of DTC.

(c) If the County determines that it is in the best interest of the Beneficial Bondholders that they be able to obtain Series 2018 Bonds certificates and notifies DTC and the Trustee of such determination, then DTC will notify the Participants of the availability through DTC of Series 2018 Bonds certificates. In such event, the Trustee shall authenticate and shall transfer and exchange Series 2018 Bonds certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2018 Bonds at any time by giving notice to the County and the Trustee and discharging DTC's responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and the Trustee shall be obligated to deliver Series 2018 Bonds certificates as described in this Trust Agreement. In the event Series 2018 Bonds certificates are issued, the provisions of this Trust Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the Trustee and the County will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2018 Bonds to any Participant having Series 2018 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2018 Bonds.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Series 2018 Bonds is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or redemption price of and interest on such

Series 2018 Bonds and all notices with respect to such Series 2018 Bonds shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Trust Agreement by the County or the Trustee with respect to any consent or other action to be taken by Bondholders, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

(f) If the County purchases, or causes the Trustee to purchase, any of the Series 2018 Bonds, such purchase of Series 2018 Bonds shall be deemed to have occurred upon the purchase of beneficial ownership interests in the Series 2018 Bonds from a Participant. Upon receipt by DTC of notice from the County and a Participant that a purchase of beneficial ownership interests in the Series 2018 Bonds has been made by the County from such Participant, DTC shall surrender to the Trustee the Series 2018 Bonds referenced in such notice and, if the principal amount referenced in said notice is less than the principal amount of the Series 2018 Bonds so surrendered, the Trustee shall authenticate and deliver to DTC, in exchange for the Series 2018 Bonds so surrendered, a new Series 2018 Bonds or Series 2018 Bonds, as the case may be, in Authorized Denominations and in a principal amount equal to the difference between (i) the principal amount of the Series 2018 Bonds so surrendered and (ii) the principal amount referenced in said notice.

(g) Notwithstanding any provision herein to the contrary, the County and the Trustee may agree to allow DTC, or its nominee, Cede & Co., to make a notation on any Series 2018 Bonds redeemed in part to reflect, for informational purposes only, the principal amount and date of any such redemption.

(h) In the event that DTC notifies the County that it is discontinuing the Book-Entry system for the Series 2018 Bonds, the County may either appoint another entity to hold the Series 2018 Bonds in book-entry form or deliver Series 2018 Bonds certificates to the Beneficial Bondholders or Participants, as directed by DTC.

Section 3.04. Mutilated, Lost, Stolen or Destroyed Series 2018 Bonds.

(a) In the event any Series 2018 Bonds is mutilated or defaced but identifiable by number and description, the County shall execute and the Trustee shall authenticate and deliver a new Series 2018 Bonds of like date, maturity, series, type and denomination as such Series 2018 Bonds, upon surrender thereof to the Trustee; provided that there shall first be furnished to the County and the Trustee proof satisfactory to the Trustee that the Series 2018 Bonds is mutilated or defaced. The Bondholder shall accompany the above with a deposit of money required by the County for the cost of preparing the substitute Series 2018 Bonds and all other expenses connected with the issuance of such substitute. The County shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Series 2018 Bonds is lost, stolen or destroyed, the County may execute and the Trustee may authenticate and deliver a new Series 2018 Bonds of like date, maturity, series, type and denomination as that Series 2018 Bonds lost, stolen or destroyed; provided that there shall first be furnished to the County and the Trustee evidence of such loss, theft or destruction satisfactory to the County and the Trustee, together with indemnity satisfactory to them.

(c) The County and the Trustee shall charge the holder of such Series 2018 Bonds all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Series 2018 Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Trustee, as determined by the Trustee. In the event any such Series 2018 Bonds has matured or has been called for redemption, instead of issuing a substitute Series 2018 Bonds, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee.

Section 3.05. Destruction of Series 2018 Bonds. Whenever any Outstanding Series 2018 Bonds shall be delivered to the Trustee for cancellation pursuant to this Trust Agreement, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.04 or transfer pursuant to Section 3.02, such Series 2018 Bonds shall be cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall, upon the County's request, be furnished by the Trustee to the County.

Section 3.06. Temporary Series 2018 Bonds.

(a) Pending preparation of definitive Series 2018 Bonds, the County may execute and the Trustee shall authenticate and deliver, in lieu of definitive Series 2018 Bonds and subject to the same limitation and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Series 2018 Bonds.

(b) If temporary Series 2018 Bonds shall be issued, the County shall cause the definitive Series 2018 Bonds to be prepared and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary Series 2018 Bonds, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder thereof, definitive Series 2018 Bonds of an equal aggregate principal amount, of the same series, maturity and type and bearing interest at the same rate as the temporary Series 2018 Bonds surrendered. Until so exchanged, the temporary Series 2018 Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Series 2018 Bonds to be issued and authenticated hereunder.

ARTICLE IV

REDEMPTION OF SERIES 2018 BONDS

Section 4.01. Notices to Trustee; Notices to Bondholders; Notices to DTC.

(a) The County shall give the Trustee written notice of its intention to redeem any or all of the Series 2018 Bonds not less than 15 days prior to such date as the Trustee must provide notice of redemption to Bondholders. The Trustee shall give notice of redemption to Bondholders affected by such redemption as provided herein and the Trustee shall, at least 30 days (or, if any Series 2018 Bonds are at such time not Book-Entry Bonds, at least 32 days) but not more than 60 days before each redemption, send such notice of redemption by Mail (or, with respect to Series 2018 Bonds held by DTC, by facsimile transmission or an express delivery service for delivery on the next following Business Day) to each Bondholder of a Series 2018 Bond to be redeemed at such Bondholder's registered address. Such notice shall include the redemption date, the redemption price, the place at which the Series 2018 Bonds are to be surrendered for redemption and a statement that from and after the redemption date interest on the Series 2018 Bonds called for redemption shall cease to accrue.

(b) In addition to the notice described in Section 4.01(a), on the same day as the date of the mailing required by Section 4.01(a), such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission or (iii) overnight delivery service, to each of the Securities Depositories. On the date of the mailing required by Section 4.01(a), if any Series 2018 Bonds are at such time not Book-Entry Bonds, such redemption notice shall be given by (i) registered or certified mail, postage prepaid or (ii) overnight delivery service, to one of the Information Services selected by the County and at the address provided by the County.

(c) With respect to any notice of redemption of the Series 2018 Bonds in accordance with Sections 4.02 or 4.03 hereof, in whole or in part, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of and accrued interest on the such Series 2018 Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the County shall not be required to redeem such Series 2018 Bonds or to pay any amounts to the Owners of the Bonds except to pay principal of and interest on the Bonds in accordance with Section 2.03 hereof. In the event that such conditional notice of redemption contains such a provision and such moneys are not so received, the conditional redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received and that the conditional redemption was cancelled. The County may rescind any redemption and notice thereof may be rescinded by County for any reason, by providing written notice of such rescission to the Trustee on any date prior to the date fixed for redemption. Within one day of receipt of such written notice, the Trustee shall give written notice of the rescission to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given by the Trustee in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to such rescission and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

(d) Neither the failure of a Bondholder to receive a notice described in this Section 4.01 nor any defect therein shall in any manner affect the redemption of any Series 2018 Bonds. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee.

Section 4.02. Optional Redemption of Series 2018 Bonds. The Series 2018 Bonds maturing on and after **_______**, 20**___** are subject to redemption prior to their respective stated maturity dates, at the option of the County, from any source of available funds, as a whole or in part on any date, on or after __________ 1, 20_ at the principal amount thereof, plus interest accrued to the date of redemption, without premium.

Section 4.03. Make-Whole Redemption of Series 2018 Bonds. The Series 2018 Bonds maturing on and prior to _______, 20___ shall be subject to optional redemption prior to their maturity, at the option of the County, in whole or in part on any date, at a redemption price equal to the greater of (A) 100% of the principal amount of the Series 2018 Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2018 Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus __ basis points, plus in each case, accrued and unpaid interest on the Series 2018 Bonds being redeemed to the date fixed for redemption. The Redemption Price to be paid in accordance with this Section 4.03 will be calculated and provided to the Trustee by an Independent Designated Investment Banker appointed by the County.

Section 4.04. Mandatory Sinking Fund Redemption of Series 2018 Bonds.

(a) The Series 2018 Bonds maturing on ____________ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The Series 2018 Bonds shall be so redeemed on the following dates and in the following amounts:

Redemption Date (____)	Principal Amount

* Maturity.

At the option of the County, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth day next preceding any mandatory sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Series 2018 Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption or (b) specify a principal amount of such Series 2018 Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the provisions of this Section 4.04) and cancelled by the Trustee at the request of the County and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2018 Bond or portion thereof so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount of the Series 2018 Bonds so delivered to the Trustee by the County against the obligation of the County on such mandatory sinking fund redemption date.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption by lot from all Series 2018 Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Series 2018 Bonds equal to the amount for such year as set forth in the applicable table above and shall call such Series 2018 Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of Section 4.01.

(b) The Trustee will effect each mandatory sinking fund redemption of the Series 2018 Bonds by redeeming from each person who is the registered owner of a Series 2018 Bond on the Record Date immediately preceding a redemption date, an amount of such Series 2018 Bonds determined by (1) multiplying the principal amount of the Series 2018 Bonds to be redeemed on the applicable redemption date by a fraction the numerator of which is the principal amount of the Series 2018 Bonds owned by such registered owner and the denominator of which is the principal amount of the Series 2018 Bonds outstanding immediately prior to such date of redemption, and (2) then rounding the product down to the next lower integral multiple of $5,000. The Trustee will apply, to the extent possible, any remaining amount of a sinking fund installment to redeem $5,000 units of the Series 2018 Bonds and will select by lot the units to be redeemed from all such Series 2018 Bonds registered owners.

Section 4.05. Payment of Series 2018 Bonds Called for Redemption; Effect of Redemption.

(a) Upon surrender to the Trustee or the Trustee's agent, Series 2018 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus interest accrued to the redemption date.

(b) On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein relating to such Series 2018 Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2018 Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2018 Bonds shall cease to accrue, such Series 2018 Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement and the Bondholders of such Series 2018 Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

(c) Series 2018 Bonds which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be deposited in the Redemption Fund or otherwise held in trust for the registered Bondholders of the Series 2018 Bonds to be redeemed, all as provided in this Trust Agreement, shall not be deemed to be Outstanding under the provisions of this Trust Agreement.

Section 4.06. Selection of Series 2018 Bonds for Redemption. If less than all of the Series 2018 Bonds of maturity are called for redemption, the Trustee shall select the Series 2018 Bonds or any given portion thereof to be redeemed from the Series 2018 Bonds Outstanding or such given portion thereof not previously called for redemption, *pro rata*.

If the Series 2018 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2018 Bonds, if less than all of the Series 2018 Bonds of a maturity are called for redemption, the particular Series 2018

Bonds or portions thereof to be redeemed shall be selected on a *pro rata* pass-through distributions of principal basis in accordance with DTC procedures, provided that, so long as the Series 2018 Bonds are held in book-entry form, the selection for redemption of such Series 2018 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for the redemption of the Series 2018 Bonds on a *pro rata* pass-through distributions of principal basis as discussed above, then the Series 2018A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. Upon surrender of a Series 2018 Bond to be redeemed in part, the Trustee will authenticate for the registered Bondholder a new Series 2018 Bond or Series 2018 Bonds of the same maturity, series, type, and tenor equal in principal amount to the unredeemed portion of the Series 2018 Bonds surrendered.

ARTICLE V

APPLICATION OF PROCEEDS; SOURCE OF PAYMENT OF SERIES 2018 BONDS

Section 5.01. Application of Proceeds. The net proceeds of the sale of the Series 2018 Bonds received by the Trustee, $__________ (which consists of the principal amount of $$[PRINCIPAL AMOUNT], less an underwriter's discount of $________), shall be applied by the Trustee as follows: (i) the amount of $_______ shall be deposited into the Costs of Issuance Fund and (ii) the amount of $_________ shall be transferred to the Retirement Association to be applied to the payment of the Debenture.

Section 5.02. Authority to Issue Series 2018 Bonds; Sources of Payment of Series 2018 Bonds. The County is duly authorized pursuant to the Government Code to issue the Series 2018 Bonds and to enter into this Trust Agreement. The Series 2018 Bonds and the provisions of this Trust Agreement are the legal, valid, and binding obligations of the County enforceable in accordance with their respective terms. The County shall provide for payment of principal or redemption price of and interest on the Series 2018 Bonds from any source of legally available funds of the County and deposit payment in the Revenue Fund at least three (3) Business Days before the payment date of any principal of and interest on the Series 2018 Bonds. The Series 2018 Bonds shall be obligations of the general fund of the County, shall not be limited as to payment to any special source of funds of the County and the payment thereof shall not be subject to appropriation. The Series 2018 Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The amounts due with respect to the Series 2018 Bonds shall be payable as provided by Section 31584 of the California Government Code. Neither the Series 2018 Bonds nor the obligation of the County to make payments on the Series 2018 Bonds constitute an indebtedness of the County, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

ARTICLE VI

CREATION OF CERTAIN FUNDS AND ACCOUNTS

Section 6.01. Creation of Costs of Issuance Fund. There is hereby created a Fund to be held by the Trustee designated "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Costs of Issuance Fund" (the "Costs of Issuance Fund"). Funds on deposit in the Costs of Issuance

Fund shall be used to pay or to reimburse the County for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon Requisition in the form of Exhibit B hereof, which is incorporated herein by reference thereto, executed by an Authorized County Representative.

At such time as the County delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund as directed by an Authorized County Representative. The Costs of Issuance Fund shall be closed at such time as no amounts remain in therein.

Section 6.02. Creation of Revenue Fund and Certain Accounts.

(a) There is hereby created a Fund to be held by the Trustee designated "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Revenue Fund" (the "Revenue Fund"). There are hereby created in the Revenue Fund two separate Accounts designated "Bond Interest Account" and "Bond Principal Account."

(b) All amounts received by the Trustee from the County in respect of interest payments on the Series 2018 Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Series 2018 Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to Section 6.03) shall be held for the security and payment of interest on the Series 2018 Bonds pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the County shall promptly deposit funds to such Account to cure such deficiency.

(c) All amounts received by the Trustee from the County in respect of principal payments on the Series 2018 Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal of the Series 2018 Bonds, as applicable, pursuant to this Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the County shall promptly deposit funds to such Account to cure such deficiency.

(d) The moneys in such Fund and Accounts shall be held by the Trustee in trust and applied as herein provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Series 2018 Bonds issued and Outstanding under this Trust Agreement and for the further security of such holders until paid out or transferred as hereinafter provided.

Section 6.03. Creation of Redemption Fund. A Fund to be held by the Trustee is hereby created and designated the "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Redemption Fund" (the "Redemption Fund"). All moneys deposited by the County with the Trustee for the purpose of redeeming Series 2018 Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Series 2018 Bonds in the manner, at the times and upon the terms and conditions specified in this Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized County Representative, apply such amounts to the purchase of Series 2018 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the County.

Section 6.04. **Moneys Held in Redemption Fund**. All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Series 2018 Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Series 2018 Bonds.

Section 6.05. **Unclaimed Moneys**. Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of holders of Series 2018 Bonds and which shall remain unclaimed by the holders of such Series 2018 Bonds for a period of one year after the date on which such Series 2018 Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the County, and thereafter the holders of such Series 2018 Bonds shall look only to the County for payment and the County shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to any of such moneys.

ARTICLE VII

COVENANTS OF THE COUNTY

Section 7.01. **Punctual Payment and Performance**. The County will punctually pay the principal of, premium, if any, and interest to become due on every Series 2018 Bonds issued hereunder in strict conformity with the terms hereof and of the Series 2018 Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the County contained herein and in the Series 2018 Bonds.

Section 7.02. **Extension of Payment of Series 2018 Bonds**. The County shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2018 Bonds or the time of payment of any claims for principal of, principal, if any, or interest on the Series 2018 Bonds by the purchase of such Series 2018 Bonds or by any other arrangement, and in case the maturity of any of the Series 2018 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2018 Bonds or claims for interest shall not be entitled, in case of any Event of Default hereunder, to the benefits hereof, except subject to the prior payment in full of the principal of all of the Series 2018 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended; provided, that nothing in this Section shall be deemed to limit the right of the County to issue additional Series of Bonds or other obligations of the County for the purpose of refunding any Outstanding Series 2018 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2018 Bonds.

Section 7.03. **Additional Debt**. Notwithstanding anything contained herein to the contrary, the County expressly reserves the right to enter into one or more other agreements or indentures for any of its lawful purposes, and reserves the right to issue other obligations for such purposes at any time including, without limitation, additional obligations for the purpose of funding additional pension obligations of the County.

Section 7.04. **Payment of Series 2018 Bonds by County Auditor-Controller/Treasurer-Tax Collector**. The Series 2018 Bonds constitute obligations imposed by law and are absolute and unconditional, without any right of set-off or counter claim. In the event the County Board of Supervisors fails to make appropriations sufficient to deposit with the Trustee the amounts required to pay principal of, premium, if any, and interest on the Series 2018 Bonds by an Interest Payment Date, in accordance with Section 31584 of the Retirement Act, the County Auditor-Controller/Treasurer-Tax Collector shall transfer any lawfully available funds in the County Treasury to the Trustee to the extent necessary to pay the principal of, premium, if any, and interest coming due on the Series 2018 Bonds on such Interest Payment Date, and such transfer will have the same force and effect as it would have had if the required appropriation had been made by the County Board of Supervisors. The County Auditor-Controller/Treasurer-Tax Collector will furnish written notice to the County Board of Supervisors of any such transfer.

Section 7.05. **Accounting Records and Reports**. The County will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of moneys on deposit in the funds and accounts established hereunder.

Section 7.06. **Prosecution and Defense of Suits; Indemnification of Trustee**. To the extent permitted by law, the County will (1) defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the appointment of the Trustee or performance of the Trustee's obligations hereunder and (2) indemnify and hold harmless the Trustee, including its directors, officers and employees, against any and all liability of any nature claimed or asserted by any person arising out of the appointment of the Trustee or performance of the Trustee's obligations hereunder, including reasonable legal fees and expenses. This Section 7.06 shall not apply to any suit, action, proceeding, claim, liability, loss, cost, damage, or expense resulting from the negligence or willful misconduct of the Trustee or breach of the Trustee's obligations herein. The indemnities provided by this Section shall survive termination of this Trust Agreement and the resignation or removal of the Trustee.

In connection with any claim by the Trustee for indemnification or defense by the County under this Trust Agreement, the Trustee shall promptly give the County written notice setting forth the relevant facts within the actual knowledge of the Trustee and an accounting setting forth all losses, costs, claims, expenses and damages in reasonable detail. The Trustee agrees that upon receipt of notice of the commencement of any action against the Trustee with respect to which the Trustee intends to seek the County's indemnity or defense pursuant to this Trust Agreement, the Trustee shall promptly give written notice to the County of the commencement of the suit, action or proceeding, together with a copy of the papers served.

The County shall be entitled to contest or defend (including a defense with a reservation of rights that the County has no duty to indemnify or defend the Trustee) such suit, action or proceeding if it gives written notice of its intention to do so to the Trustee within 30 days after its receipt of such notice. If the County and the Trustee are parties to the same suit, action or proceeding, and the Trustee has been advised by its own counsel that one or more legal defenses may be available to the Trustee that may not be available to the County, then the Trustee shall be entitled to its own counsel in any such action brought against it for which it may seek indemnity or defense as provided herein from the County; provided that, the Trustee shall promptly advise the County in writing as to each such legal defense and the specific reason that such legal defense may be available to the Trustee and not available to the County, and provided further, that the County shall not, in connection with one such suit, action or proceeding or separate but substantially similar or related suits, actions or proceedings arising out of the same allegation or circumstances be liable for the fees and expenses of more than one (1) separate firm of attorneys for the Trustee at any point in time, and that the contemplated legal fees and estimated legal expenses of such counsel shall be approved in writing by the County prior to such retention, which approval shall not be unreasonably withheld, and that such fees and expenses shall be reasonable. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Series 2018 Bonds secured hereby may have been fully paid and satisfied, and the rights of the Trustee and the obligations of the County under this Section 5.06 shall survive the discharge of this Trust Agreement and the resignation or removal of the Trustee.

Section 7.07. Further Assurances. Except to the extent otherwise provided in this Trust Agreement, the County shall not enter into any contract or take any action by which the rights of the Trustee or the Owners may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may confirm to the Trustee all the rights and obligations of the County under and pursuant to this Trust Agreement.

Section 7.08. Trust Agreement to Constitute a Contract. This Trust Agreement is executed by the County for the benefit of the Bondholders and constitutes a contract with the Bondholders.

Section 7.09. Continuing Disclosure Certificate. The County hereby covenants and agrees that it will comply with and carry out its duties and obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the County to comply with Continuing Disclosure Certificate shall not be considered an Event of Default under this Trust Agreement; provided, however, the obligations of the County to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Bondholder of Outstanding Bonds. The Bondholders' and Trustee's rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the County shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments Authorized. Money held by the Trustee in any fund or account hereunder shall be invested by the Trustee in Permitted Investments pending application as provided herein at the prior written direction of an Authorized County Representative, which investments shall be registered in the name of the Trustee, as Trustee, where applicable, and shall be held by the Trustee. The obligations in which moneys in said funds, accounts and subaccounts are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out hereunder. The County shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (9) contained in the definition of "Permitted Investments" provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction of the County specifying a specific money market fund and, if no such written direction of the County is so received, the Trustee shall hold such moneys uninvested. The Trustee may rely on the County's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the County. Money held in any fund or account hereunder may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of the County, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 8.01. Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available hereunder and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by this Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment.

Section 8.02. Reports. The Trustee shall maintain records with respect to each investment, including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest received, and (ix) disposition date. The Trustee shall furnish to the County a report of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained hereunder no less frequently than monthly. All reports shall be delivered to the County within ten (10) business days following the close of each calendar month. The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the County periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 8.03. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account hereunder, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of the County, the Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Section 8.04. Application of Investment Earnings. Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

ARTICLE IX

DEFEASANCE

Section 9.01. Discharge of Series 2018 Bonds; Release of Trust Agreement. The Series 2018 Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of this Trust Agreement except for the purposes of payment from moneys, Federal Securities or Pre-refunded Municipals. When all Series 2018 Bonds which have been issued under this Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the County, including all necessary and proper fees, compensation and expenses of the Trustee, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release this Trust Agreement, shall execute, acknowledge and deliver to the County such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the County any amounts at the time subject to this Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee for the payment of the principal of, premium, if any, and interest on the Series 2018 Bonds.

Section 9.02. Series 2018 Bonds Deemed Paid.

(a) A Series 2018 Bonds shall be deemed to be paid within the meaning of this Article IX and for all purposes of this Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Series 2018 Bonds and this Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a report of an independent firm of nationally recognized certificated public accountants (a "Verification Report"), by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment Defeasance Obligations, and (ii) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Series 2018 Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Series 2018 Bonds shall be deemed to be paid hereunder, such Series 2018 Bonds shall no longer be secured by or entitled to the benefits of this Trust Agreement, except for the purposes of payment from such Defeasance Obligations.

(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Series 2018 Bonds until (i) proper notice of redemption of such Series 2018 Bonds shall have been given in accordance with Section 4.01, or in the event such Series 2018 Bonds are not to be redeemed within the next succeeding 60 days, until the County shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Series 2018 Bonds in accordance with Section 4.01, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Series 2018 Bonds are deemed to have been paid in accordance with this Article IX and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Series 2018 Bonds; or (ii) the maturity of such Series 2018 Bonds.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.01. Events of Default. Each of the following events shall constitute and is referred to in this Trust Agreement as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Series 2018 Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Series 2018 Bonds when such interest shall become due and payable;

(c) a failure by the County to observe and perform any covenant, condition, agreement or provision (other than as specified in clauses (a) and (b) of this Section 10.01) contained in the Series 2018 Bonds or in this Trust Agreement on the part of the County to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the County by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the County within such period and is being diligently pursued; or

(d) if the County files a petition in voluntary bankruptcy, for the composition of its affairs or for its reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Section 10.02. Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion shall upon the written direction of the holders of a majority of the aggregate principal amount of the Series 2018 Bonds then Outstanding and receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders hereunder, as the case may be, and require the County to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Government Code or any other law to which it is subject and this Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Trust Agreement;

(2) bring suit upon the defaulted Series 2018 Bonds;

(3) commence an action or suit in equity to require the County to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders hereunder.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has, except for a payment default under Section 10.01(a) or (b), received written notice of the occurrence of such Event of Default.

Section 10.03. Restoration to Former Position. In the event that any proceeding taken by the Trustee to enforce any right under this Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the County, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 10.04. Bondholders' Right to Direct Proceedings on their Behalf. Anything in this Trust Agreement to the contrary notwithstanding, holders of a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under this Trust Agreement to be taken in connection with the enforcement of the terms of this Trust Agreement or exercising any trust or power conferred on the Trustee by this Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the Government Code and this Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Section 10.05. Limitation on Bondholders' Rights to Institute Proceedings. No Bondholder of any Series 2018 Bonds shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under this Trust Agreement, or applicable law with respect to such Series 2018 Bonds, unless (a) such Bondholder shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Bondholders of not less than a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such Bondholder or said Bondholders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have received contrary directions from the Bondholders of a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding.

Section 10.06. **No Impairment of Right to Enforce Payment**. Notwithstanding any other provision in this Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such registered Bondholder's Series 2018 Bonds, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 10.07. **Proceedings by Trustee Without Possession of Series 2018 Bonds**. All rights of action under this Trust Agreement or under any of the Series 2018 Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Series 2018 Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of this Trust Agreement.

Section 10.08. **No Remedy Exclusive**. No remedy herein conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Trust Agreement or the Series 2018 Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 10.08.

Section 10.09. **No Waiver of Remedies**. No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by this Article X to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 10.10. **Application of Moneys**.

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of this Article XII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), incurred in and about the performance of its powers and duties under this Trust Agreement, shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Series 2018 Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Series 2018 Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2018 Bonds which shall have become due with interest on such Series 2018 Bonds at their respective rate or yield from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Series 2018 Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among holders of Series 2018 Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 10.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Series 2018 Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 10.11. Severability of Remedies. It is the purpose and intention of this Article X to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Trust Agreement and by applicable law.

Section 10.12. Additional Events of Default and Remedies. So long as any Series 2018 Bonds are Outstanding, the Events of Default and remedies as set forth in this Article X may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

ARTICLE XI

THE TRUSTEE

Section 11.01. Acceptance of Trusts. The County hereby appoints U.S. Bank National Association to serve as the initial Trustee. The Trustee hereby accepts and agrees to execute the trusts specifically imposed upon it by this Trust Agreement, but only upon the additional terms set forth in this Article XIII, to all of which the County agrees and the respective Bondholders agree by their acceptance of delivery of any of the Series 2018 Bonds.

Section 11.02. Duties of Trustee.

(a) The Trustee shall hold all sums held by it for the payment of the principal of, and premium or interest on, Series 2018 Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(b) The Trustee shall serve as bond registrar and keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the County at all reasonable times.

(c) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(d) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Trust Agreement and no others; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the procedural requirements of this Trust Agreement.

(e) The Trustee may not be relieved from liability for its own negligence or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 11.02;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts or exercising its judgment;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the County in the manner provided in this Trust Agreement; and

(iv) no provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of this Trust Agreement that in any way relates to the Trustee is subject to all the paragraphs of this Section 11.02.

(g) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability, or expense.

(h) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree in writing with the County.

Section 11.03. Rights of Trustee.

(a) The recitals of facts contained herein and in the Series 2018 Bonds shall be taken as statements of the County, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Series 2018 Bond), and makes no representations as to the validity or sufficiency of this Trust Agreement or of the Series 2018 Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it herein or in the Series 2018 Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series 2018 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, or willful misconduct. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Series 2018 Bonds and may join in any action which any Bondholder of a Series 2018 Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Trust Agreement.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, and the Trustee shall not be responsible for the negligence or misconduct of any such attorney, agent or receiver selected by it with due care.

(c) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the County, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the County of any moneys transferred to or pursuant to any requisition or request of the County in accordance with the terms and conditions hereof.

(f) Whether or not therein expressly so provided, every provision of this Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article XI.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means (as hereinafter defined); provided, however, that the County shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent, provided, however, that in the case of conflicting or inconsistent Instructions, the Trustee shall rely upon later Instructions unless it has already complied with prior conflicting or inconsistent Instructions. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

(i) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. “force majeure” shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, or other similar occurrences.

(j) Whenever in the administration of the trusts imposed upon it by this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(k) The Trustee shall not be deemed to have knowledge of any event of default of the type described in Sections 10.01(c) and (d) unless and until it shall have actual knowledge thereof by receipt of written notice thereof at the Principal Office of the Trustee.

(l) Each such Requisition of the County shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 11.04. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the Bondholder or pledgee of Series 2018 Bonds and may otherwise deal with the County with the same rights it would have if it were not Trustee.

Section 11.05. Trustee's Disclaimer. The Trustee makes no representations as to the validity or adequacy of this Trust Agreement or the Series 2018 Bonds, it shall not be accountable for the County's use of the proceeds from the Series 2018 Bonds paid to the County and it shall not be responsible for any statement in any official statement or other disclosure document or in the Series 2018 Bonds other than its certificate of authentication.

Section 11.06. Notice of Defaults. If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Series 2018 Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Section 11.07. Compensation of Trustee. (a) The County shall from time to time, but only in accordance with a written agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. The Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder, but may take whatever legal actions are lawfully available to it directly against the County. The agreement contained in this Section shall survive the payment of the Series 2018 Bonds, the discharge of this Trust Agreement and the appointment of a successor trustee.

(b) Notwithstanding Section 11.07(a) hereof, the County has no obligation to pay the Trustee compensation for its services (exclusive of advances and expenditures) in excess of $7,500.00 in any Fiscal Year, except in accordance with a written agreement, signed by the County, expressly waiving the provisions of this Section 11.07(b). The limitation provided in this

Section 11.07(b) will not apply after the occurrence and during the continuation of an Event of Default.

Section 11.08. Eligibility of Trustee. This Trust Agreement shall always have a Trustee that is a trust company, national banking association or a bank having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Section 11.09. Replacement of Trustee.

(a) The Trustee may resign as trustee hereunder by notifying the County in writing prior to the proposed effective date of the resignation. The holders of a majority in the aggregate principal amount of the Series 2018 Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the County's consent. The County may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the County shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the foregoing Section, (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) the Trustee otherwise becomes incapable of acting or (iv) the County determines that the Trustee's services are no longer satisfactory to the County. No resignation or removal of the Trustee under this Section shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under this Trust Agreement, the County shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the County. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Trust Agreement. If a Trustee is not performing its duties hereunder or a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the County delivers notice of removal, the retiring Trustee, the County or the holders of a majority in the aggregate principal amount of the Series 2018 Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 11.10. Successor Trustee or Agent by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Section 11.11. Other Agents. The County or the Trustee may from time to time appoint other agents to perform duties and obligations under this Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the County.

Section 11.12. Several Capacities. Anything in this Trust Agreement to the contrary notwithstanding, the same entity may serve hereunder as the Trustee and any other agent as appointed to perform duties or obligations under this Trust Agreement or an escrow instructions, or in any combination of such capacities, to the extent permitted by law.

Section 11.13. Accounting Records and Reports of Trustee.

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Series 2018 Bonds and all Funds and Accounts established pursuant to this Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the County at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the County and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost), on an annual basis (or, with respect to the County, such other interval that the County may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to this Trust Agreement for the preceding year.

Section 11.14. No Remedy Exclusive. No remedy herein conferred upon or reserved to the County is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

ARTICLE XII

AMENDMENTS AND SUPPLEMENTS TO TRUST AGREEMENT

Section 12.01. Amendments and Supplements. This Trust Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Series 2018 Bonds except as provided in and in accordance with and subject to the provisions of this Article XII.

Section 12.02. Supplemental Agreements Not Requiring Consent of Bondholders.

(a) The County may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or amending this Trust Agreement as follows:

(i) to cure any formal defect, omission, inconsistency or ambiguity in this Trust Agreement;

(ii) to add to the covenants and agreements of the County in this Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the County, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the County provided pursuant to this Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Agreement Act of 1939, as from time to time amended;

(v) to modify, alter, amend or supplement this Trust Agreement in any other respect which, in the judgment of the County, is not materially adverse to the Bondholders;

(vi) to qualify the Series 2018 Bonds for a rating or ratings by any Rating Agency;

(vii) to authorize the issuance of Additional Bonds in accordance with this Trust Agreement.

(b) Before the County or Trustee shall, pursuant to this Section 12.02, execute any supplemental agreement there shall have been delivered to the County and the Trustee an opinion of Bond Counsel to the effect that such supplemental agreement (i) is authorized or permitted by this Trust Agreement and the Government Code, and (ii) will, upon the execution and delivery thereof, be valid and binding upon the County enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles).

Section 12.03. Supplemental Agreement Requiring Consent of Bondholders.

(a) Except for any supplemental agreement entered into pursuant to Section 12.02, the holders of not less than a majority in the aggregate principal amount of the Series 2018 Bonds Outstanding shall have the right from time to time to consent to and approve the execution by the County of any supplemental agreement deemed necessary or desirable by the County for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the holders of all the Series 2018 Bonds then Outstanding, nothing contained herein shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Series 2018 Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Series 2018 Bonds or the rate of interest thereon; and provided that nothing contained herein, including the provisions of Section 12.03(b) below, shall, unless approved in writing by the holders of all the Series 2018 Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Series 2018 Bonds or Series 2018 Bonds over any other Series 2018 Bonds or Series 2018 Bonds or (2) a reduction in the aggregate principal amount of Series 2018 Bonds the consent of the Bondholders of which is required for any such supplemental agreement. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any supplemental agreement as authorized in Section 12.02.

(b) If at any time the County shall desire to enter into any supplemental agreement for any of the purposes of this Section 12.03, the County shall cause notice of the proposed execution of the supplemental agreement to be given to all Bondholders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and state that a copy thereof is on file at the office of the County for inspection by all Bondholders.

(c) Within five (5) Business Days after providing such notice, the County may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the County (i) the required consents, in writing, of Bondholders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by this Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the County enforceable in accordance with its terms.

(d) If Bondholders of not less than the percentage of Series 2018 Bonds required by this Section 12.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Bondholders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the County from executing the same or from taking any action pursuant to the provisions thereof.

Section 12.04. Effect of Supplemental Agreements. Upon execution and delivery of any supplemental agreement pursuant to the provisions of this Article XIV, this Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement and all supplemental agreements of the County, the Trustee and all Bondholders shall thereafter be determined, exercised and enforced under this Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Section 12.05. Supplemental Agreements to be Part of this Trust Agreement. Any supplemental agreement adopted in accordance with the provisions of this Article XIII shall thereafter form a part of this Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Trust Agreement which they supplement or amend for any and all purposes.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 13.01. Parties in Interest. Except as herein otherwise specifically provided, nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the County, the Trustee, and the Bondholders any right, remedy or claim under or by reason of this Trust Agreement, this Trust Agreement being intended to be for the sole and exclusive benefit of the County, the Trustee, and the Bondholders.

Section 13.02. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the County or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Series 2018 Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law.

Section 13.03. No Personal Liability of County Officials; Limited Liability of County to Bondholders.

(a) No covenant or agreement contained in the Series 2018 Bonds or in this Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the County in his individual capacity, and neither the members of the Board of Supervisors of the County nor any person executing the Series 2018 Bonds shall be liable personally on the Series 2018 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in this Trust Agreement, the County shall not have any obligation or liability to the Bondholders with respect to this Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Series 2018 Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in this Trust Agreement.

Section 13.04. Execution of Instruments; Proof of Ownership.

(a) Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Series 2018 Bonds. Proof of the execution of any such instrument and of the ownership of Series 2018 Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(i) the fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution; and

(ii) the ownership of Series 2018 Bonds shall be proved by the registration books kept under the provisions of Section 3.01 hereof;

(b) Nothing contained in this Section 13.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Bondholder shall bind every future Bondholder of the same Series 2018 Bonds or any Series 2018 Bonds issued in lieu thereof in respect of anything done by the Trustee or the County in pursuance of such request or consent.

Section 13.05. Governing Law; Venue. This Trust Agreement shall be interpreted, governed, and enforced in accordance with the laws of the State of California. If any party to this Trust Agreement initiates any legal or equitable action to enforce the terms of this Trust Agreement, to declare the rights of the parties under this Trust Agreement or which relates to this Trust Agreement in any manner, each such party agrees that the place of making and for performance of this Trust Agreement shall be Tulare County, State of California, and the proper venue for any such action shall be the Superior Court of the State of California, in and for the County of Tulare, unless the amount in controversy falls below the jurisdiction of the Superior Court, in which case the proper venue of any such action is the Tulare Municipal Court.

Section 13.06. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver, or other communication required or permitted by this Trust Agreement or the Series 2018 Bonds must be in writing except as expressly provided otherwise in this Trust Agreement or the Series 2018 Bonds.

(b) The Trustee shall give written notice to the Rating Agency if at any time (i) a successor Trustee is appointed under this Trust Agreement, (ii) there is any amendment to this Trust Agreement, (iii) Series 2018 Bonds are to be redeemed pursuant to Section 4.02, (iv) notice of any defeasance of the Series 2018 Bonds, or (v) if the Series 2018 Bonds shall no longer be Book-Entry Bonds. Notice in the case of an event referred to in clause (ii) hereof shall include a copy of any such amendment.

(c) Except as otherwise required herein, all notices required or authorized to be given to the County, the Trustee, and the Rating Agency pursuant to this Trust Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid, to the following addresses:

1. to the County, to:

County of Tulare
2800 West Burrel Avenue
Visalia, CA 93291
Attention: County Administrative Officer
Telephone: (559) 636-5005

with a copy to:

County of Tulare
Tulare Auditor-Controller/Treasurer-Tax Collector

221 South Mooney Boulevard, Room 101 E
Visalia, CA 93291
Attention: Auditor-Controller/Treasurer-Tax Collector
Telephone: (559) 636-5200

with a copy to:

County of Tulare
Tulare County Counsel
2900 West Burrel Avenue
Visalia, CA 93291
Attention: County Counsel
Telephone: (559) 636-4950

2. to the Trustee, to:

U.S. Bank National Association
1 California Street, Suite 1000
San Francisco, CA 94111
Attention: Corporate Trust Services
Telephone: (415) 677-3599

or to such other addresses as may from time to time be furnished by a party to the parties, effective upon the receipt of notice thereof given as set forth above.

Section 13.07. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

Section 13.08. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 13.09. Successor Is Deemed Included In All References to Predecessor. Whenever herein either the County or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the County or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the County or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 13.10. Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the County and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement by their officers thereunto duly authorized as of the date first above written.

COUNTY OF TULARE

By ____
County Administrative Officer

ATTESTED:
Clerk of the Board of Supervisors

By: ___________________________________
Deputy

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By __________________________________
Authorized Officer

EXHIBIT A

FORM OF BOND

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the County of Tulare or its agent for registration of transfer, exchange, or payment, and any Series 2018 Bonds issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered Bondholder hereof, Cede & Co., has an interest herein.

No. ____

COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

Maturity Date	Interest Rate	Dated Date	CUSIP
	%		

REGISTERED BONDHOLDER: CEDE & CO.

PRINCIPAL AMOUNT: $

THE COUNTY OF TULARE, a political subdivision of the State of California, for value received, hereby promises to pay to the registered Bondholder named above or registered assigns, on the maturity date specified above, the principal amount specified above together with interest on such principal amount at the interest rate set forth above on each Interest Payment Date (hereinafter defined) from the Interest Payment Date next preceding the date of authentication and delivery thereof, unless (i) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such Interest Payment Date; or (ii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon shall be payable from the Dated Date set forth above; provided, however, that if at the time of authentication of any Series 2018 Bonds interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Dated Date of this Bond. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the Principal Office of the Trustee, U.S. Bank National Association, as trustee (together with any successor as trustee under the Trust Agreement (hereinafter defined), the "Trustee"), in lawful money of the United States of America.

This Bond is one of a duly authorized issue of County of Tulare Taxable Pension Obligation Bonds, Series 2018 (the "Bonds") of the designation indicated on the face hereof. Said authorized issue of Bonds is limited in aggregate principal amount as provided in the Trust Agreement and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Trust Agreement, all issued and to be issued pursuant to the provisions of Section 53570 et seq. of the California Government Code (the "Government Code"). This Bond is issued pursuant to the Trust Agreement dated as of June 1, 2018 by and between the County of Tulare (the "County") and the Trustee, providing for the issuance of the Bonds and setting forth the terms and authorizing the issuance of the Bonds (said Trust Agreement as amended, supplemented or otherwise modified from time to time being the "Trust Agreement"). Reference is hereby made to the Trust Agreement and to the Government Code for a description of the terms on which the Bonds are issued and to be issued, and the rights of the registered Bondholders of the Bonds; and all the terms of the Trust Agreement and the Government Code are hereby incorporated herein and constitute a contract between the County and the registered Bondholder from time to time of this Bond, and to all the provisions thereof the registered Bondholder of this Bond, by its acceptance hereof, consents and agrees. All capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement.

The County is required under the Trust Agreement to make payments on the Bonds from any source of legally available funds. The County has covenanted to make the necessary annual appropriations for such purpose. The obligation of the County to make payments on the Bonds does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation.

This Bond is one of the Series 2018 Bonds described in the Trust Agreement. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2018 Bonds are subject to redemption prior to maturity as provided in the Trust Agreement.

The rights and obligations of the County and of the holders and registered Bondholders of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Bondholders of the Bonds.

The Series 2018 Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation. The Series 2018 Bonds do not constitute an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement or the Government Code.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the County of Tulare, a political subdivision of the State of California, has caused this Bond to be executed in its name and on its behalf by the Chairman of the Board of Supervisors, and this Bond to be dated the Dated Date specified above.

COUNTY OF TULARE

By: ________________________________
Chairman, Board of Supervisors

Countersigned:

By: ________________________________
Deputy Clerk of the Board of Supervisors
of the County of Tulare, California

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Trust Agreement and authenticated the date set forth below.

Dated: ______, 20__

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
Authorized Signatory

ASSIGNMENT

For value received ______________________ hereby sells, assigns and transfers unto ___________________ (Tax I.D. No.: ___________________) the within Series 2018 Bonds and hereby irrevocably constitute and appoints _____________________ attorney, to transfer the same on the books of the County at the office of the Trustee, with full power of substitution in the premises.

____

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Series 2018 Bonds in every particular, without alteration or enlargement or any change whatsoever.

Dated: ________________

Signature Guaranteed by:

____

NOTE: Signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF REQUISITION – COSTS OF ISSUANCE FUND

$[PRINCIPAL AMOUNT]
COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

REQUISITION NO.__

To: U.S. Bank National Association, as
Trustee
Attention: Corporate Trust Services

You are hereby requested to pay from the Costs of Issuance Fund established by the Trust Agreement with respect to the above-referenced Series 2018 Bonds, to the persons, corporations or other entities designated in Schedule I hereto, the sum set forth therein, in payment of the Costs of Issuance described in Schedule I hereto. Such amounts shall be paid upon receipt of an invoice from each payee.

The undersigned hereby certifies that:

(i) s/he is an Authorized County Representative;

(ii) this requisition for payment is in accordance with the terms and provisions of Section 6.01 of the Trust Agreement;

(iii) each item to be paid with the requisitioned funds represents either incurred or due and payable Costs of Issuance;

(iv) such Costs of Issuance have not been paid from other funds withdrawn from the Costs of Issuance Fund; and

(v) to the best of the signatory's knowledge no Event of Default has occurred and is continuing under the Trust Agreement.

All capitalized terms used but not defined herein shall have the meanings set forth in the Trust Agreement.

Dated: ________, 20__

COUNTY OF TULARE

By: ________________________

Name: ________________________

Attachment 4

Bond Purchase Agreement with Raymond James & Associates, Inc.

$____________
COUNTY OF TULARE
Taxable Pension Obligation Bonds,
Series 2018

BOND PURCHASE AGREEMENT

June __, 2018

County of Tulare
2900 W Burrel Ave.
Visalia, CA 93291

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the "**Underwriter**"), offers to enter into this Bond Purchase Agreement (this "**Purchase Agreement**") with the County of Tulare (the "**County**"), which will be binding upon the County and the Underwriter upon the acceptance hereof by the County. This offer is made subject to its acceptance by the County by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement (as hereinafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the County for offering to the public, and the County hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the $___________ aggregate principal amount of the County of Tulare Taxable Pension Obligation Bonds, Series 2018 (the "**Bonds**"), at a purchase price equal to $___________ being the par amount of the Bonds $___________ less an underwriter's discount of $___________.

The County acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the County and Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the County; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the County with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the County on other matters) nor has it assumed any other obligation to the County except the obligations expressly set forth in this Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the County; and (v) the County has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The County acknowledges that the Underwriter has previously provided the County with the required Underwriter disclosure under rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

2. Authorizing Instruments and Law. The County is issuing the Bonds pursuant to (a) Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 7 of Division 2 of Title 5 of the California Government Code (the "**Refunding Law**"), and the constitution and laws of the State of California; (b) a resolution adopted by the Board of Supervisors of the County (the "**Board of Supervisors**") on ______, 2018 (the "**County Resolution**"); and (c) a Trust Agreement, dated as of June 1, 2018, by and between the County and [TRUSTEE], as trustee (the "**Trustee**"), (as amended and supplemented, the "**Trust Agreement**"). The Bonds shall be as described in the Trust Agreement and the Official Statement (described below).

The Bonds are being issued to provide funds to: (a) refund the County's debenture dated as of _________ to the County's Employee's Retirement Association (the "Association") representing a portion of the County's unfunded actuarial liability to the Association (the "**Debenture**"), and (b) pay the costs of issuing the Bonds.

In order to enable the Underwriter to comply with Rule 15c2-12 under the Securities Exchange Act of 1934 (the "**Rule**"), the County will execute and deliver a Continuing Disclosure Certificate, dated as of ______, 2018 (the "**Continuing Disclosure Certificate**").

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on **Appendix A** attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on **Appendix A**. Except as set forth in Section 10(c) hereof, the Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Bonds will be subject to redemption as set forth on **Appendix A**.

4. Delivery of Official Statement. The County has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement, copies of the Preliminary Official Statement relating to the Bonds (the "**Preliminary Official Statement**"). Such Preliminary Official Statement is the official statement deemed final by the County for purposes of the Rule and approved for distribution by resolution of the Board of Supervisors. The County has executed and delivered to the Underwriter a certification to such effect in the form attached hereto as **Appendix B**.

Within seven (7) business days from the date hereof, or such earlier date identified by the Underwriter to meet its obligation under MSRB Rule G-32, the County shall deliver to the Underwriter a final Official Statement, executed on behalf of the County and dated the date of delivery thereof to the Underwriter, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the County and the Underwriter (the "**Official Statement**") and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with the Rule and to meet potential customer requests for copies of the Official Statement.

The Underwriter agrees to comply with the Rule and applicable rules of the MSRB with respect to the Preliminary Official Statement and the Official Statement.

5. **The Closing.** At 8:00 a.m., California time, on June __, 2018, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the County and the Underwriter (the "**Closing Date**"), the County will deliver (a) the Bonds in definitive form to the Underwriter duly executed and authenticated by the Trustee, and (b) the closing documents hereinafter mentioned at the offices of Hawkins Delafield & Wood LLP, Los Angeles, California ("**Bond Counsel**"), or another place to be mutually agreed upon by the County and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof in immediately available funds. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "**Closing**." The Bonds will be delivered as fully registered, book-entry-only bonds initially in denominations equal to the principal amount of each maturity thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available for checking by the Underwriter at such place as the Underwriter and Bond Counsel shall agree not less than 24 hours prior to the Closing.

6. **County Representations, Warranties, and Covenants.** The County represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The County is a general law county, duly organized and existing under the laws of the State with full right, power and authority to issue the Bonds and to execute, deliver and perform its obligations under the Bonds, this Purchase Agreement, the Debenture and the Trust Agreement (collectively, the "**County Documents**") and to carry out and consummate the transactions contemplated by the County Documents and described in the Official Statement.

(b) Due Authorization and Approval. By all necessary official action, the County has duly authorized and approved the execution and delivery of the Preliminary Official Statement, the Official Statement, the Bonds, and the County Documents, and the performance by the County of the obligations contained in the Bonds and the County Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the County Documents will constitute the legally valid and binding obligations of the County enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The County has complied, and will at the Closing be in compliance in all respects, with the terms of the County Documents.

(c) Official Statement Accurate and Complete. The Preliminary Official Statement as of its date, and the Official Statement at all times subsequent to the date of the Official Statement up to and including the Closing did not and do not contain any untrue statement of any material fact and do not omit any material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading (except no representation is made with respect to information relating to DTC or DTC's book-entry system and in the section titled "Underwriting").

(d) Underwriter's Consent to Amendments and Supplements to Official Statement. Until the date which is twenty-five (25) days after the "end of the underwriting period" (as defined below), if any event shall occur of which the County is aware, as a result of which it may be necessary to supplement the Official Statement in order to make the statements in the Official Statement, in light of the circumstances existing at such time, not misleading, the County shall forthwith notify the Underwriter of any such event of which it has knowledge and shall cooperate fully in furnishing any information available to it for any supplement to said sections and the County shall promptly furnish to the Underwriter a reasonable number of copies of such supplement.

As used herein, the term "**end of the underwriting period**" means the later of such time as (i) the County delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "end of the underwriting period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the County at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the "end of the underwriting period."

(e) No Breach or Default. To the best of the County's knowledge, after reasonable investigation, as of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the County is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the County is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach or default would materially adversely affect the security of the Bonds or the County's performance under the County Documents; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the County Documents and the Bonds and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the County, State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other instrument to which the County is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the County Documents.

(f) No Litigation. To the best of the County's knowledge, after reasonable investigation, as of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending and served or, to the best of the County's knowledge, threatened (i) in any way questioning the existence of the County or the titles of the officers of the County to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, the County Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the powers of the County or its authority to issue the Bonds; (iii) which may result in any material adverse change relating to the County or the County's ability to pay debt service on the Bonds; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) Preliminary Official Statement. For purposes of the Rule, the County has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

(h) Continuing Disclosure. Except as disclosed in the Preliminary Official Statement and the Official Statement, the County has not failed in any material respect to comply with any undertaking under the Rule in the past five years.

(i) Representation to Underwriter. Any certificate signed by any official of the County and delivered to the Underwriter shall be deemed to be a representation and warranty by the County to the Underwriter as to the statements made therein.

(j) Cooperation with Blue Sky. The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, that the County shall not be required to register in any such state or jurisdiction or consent to service of process therein.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the County of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Purchase Agreement to purchase and pay for the Bonds shall be subject to the following additional conditions:

(a) Bring-Down Representations. The representations and warranties of the County contained herein shall be true, complete, and correct at the date hereof and at the time of the Closing, as if made on the Closing Date.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing, (i) the County Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (ii) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement and the County Documents.

(c) Termination Events. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the County if at any time at or prior to the Closing:

(i) any event shall occur which causes any material misstatement in the Official Statement or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the County, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) there shall have occurred any outbreak of hostilities or other local, national or international calamity or crisis, the effect of which on the financial markets of the United States will be such as in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or enforce contracts for the sale of the Bonds; or

(viii) any rating of the Bonds shall have been downgraded, suspended or withdrawn by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933, which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(ix) the commencement of any action, suit or proceeding described in Section 6(f) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(xi) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences, or conditions in the municipal securities or debt markets.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) *Bond Opinion*. An approving opinion of Bond Counsel dated the Closing Date and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the Closing Date and addressed to the Underwriter, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(2) *Supplemental Opinion*. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in substantially the form and to the following effect and otherwise reasonably acceptable to the Underwriter:

(i) The statements in the Official Statement under the captions "THE SERIES 2018 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS," and "TAX MATTERS," ,insofar as such statements expressly summarize certain provisions of the Bonds and the Trust Agreement and the approving opinion , present a fair summary of such provisions;

(ii) The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) The Purchase Agreement has been duly authorized, executed and delivered by the County and (assuming due authorization, execution and delivery by and validity against the Underwriter) is a legally valid and binding obligation of the County enforceable against the County in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and that the enforceability of the Purchase Agreement is subject to the effect of general principles of equity including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law.

(3) *Disclosure Counsel Letter*. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel to the County ("**Disclosure Counsel**"), dated the Closing Date, addressed to the Underwriter substantially to the effect that on the basis of the information made available to such firm in the course of its participation in the preparation of the Official Statement (but without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in such firm directly involved in rendering legal advice and assistance to the County in connection with the preparation of the Official Statement which cause such firm to believe that the Official Statement as of its date (excluding therefrom financial, engineering and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; information relating to The Depository Trust Company and the book-entry only system, [and Appendices B and F; as to all of which no view need be expressed) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.]

(4) *County Counsel Opinion*. An opinion of Deanne H. Peterson, as County Counsel, or her Deputy, dated the Closing Date and addressed to the Underwriter, in form and substance acceptable to the Underwriter, substantially to the following effect:

(i) The County is a general law county, duly organized and validly existing under the Constitution and the laws of the State;

(ii) The County Resolution approving and authorizing the execution and delivery of the County Documents and approving the Official Statement, was duly adopted at a meeting of the Board of Supervisors called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the County Resolution is in full force and effect and has not been modified, amended or rescinded;

(iii) To the best of the knowledge of County Counsel, after reasonable investigation, the execution and delivery of the County Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with, or constitute on the part of the County a breach of or default under, any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject; and

(iv) Except as otherwise disclosed in the Official Statement, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental agency or body, pending or, to the best knowledge of such counsel after due investigation, threatened against the County, challenging the creation, organization or existence of the County, or the validity of the County Documents or seeking to restrain or enjoin the County's obligations under the County Documents or in any way contesting or affecting the validity of the Default Judgment or the County Documents or any of the transactions referred to therein or contemplated thereby or contesting the authority of the County to enter into or perform its obligations under any of the County Documents, or under which a determination adverse to the County would have a material adverse effect upon the financial condition or the revenues of the County, or which, in any manner, questions or affects the right or ability of the County to enter into the County Documents.

(5) *Trustee Counsel Opinion*. The opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Trust Agreement;

(ii) The Trust Agreement has been duly authorized, executed and delivered by the Trustee, and constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Trust Agreement, or the consummation of the transactions contemplated by the Trust Agreement.

(6) *Letter of Underwriter's Counsel*. A letter of Norton Rose Fulbright US LLP, counsel to the Underwriter, dated the Closing Date, and addressed to the Underwriter, in form and substance satisfactory to the Underwriter.

(7) *Trustee's Certificate*. A certificate of the Trustee, dated the Closing Date, in form and substance acceptable the Underwriter, to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement;

(ii) The Trustee has duly and validly executed the Trust Agreement, and the Trust Agreement constitutes the legal, valid and binding agreement of the Trustee, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases; and

(iii) To the best knowledge of the Trustee after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body served on the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the Trustee or its authority to enter into, accept and perform its obligations under the Trust Agreement.

(8) *County Certificate*. A certificate of the County, dated the Closing Date, signed on behalf of the County by a duly authorized officer of the County to the effect that:

(i) The representation and warranties of the County contained in the Purchase Agreement are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date and the County has complied with all of the terms and conditions of the Purchase Agreement required to be complied with by the County at or prior to the Closing Date; and

(ii) No event affecting the County has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(9) *Documents*. An original executed copy of this Purchase Agreement and of each of the other County Documents (other than the Bonds).

(10) *County Resolution*. A certified copy of the County Resolution.

(11) *Certificate Regarding Unfunded Actuarial Liability*. A certificate of an authorized representative of the Association regarding the unfunded actuarial liability of the County.

(12) *CDIAC Statement*. A copy of the preliminary and final reports of sale to be delivered to the California Debt and Investment Advisory Commission with respect to the Bonds.

(13) *Ratings*. Evidence that the Bonds have been given the ratings shown in the Official Statement.

(14) *Association Certification*. A certificate from an authorized officer of the Association regarding such matters relating to TCERA as the Underwriter shall reasonably request.

(15) *Additional Documents*. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the Closing Date, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied in connection with the delivery and sale of the Bonds.

If the County shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the County shall be under further obligation hereunder, except as further set forth in Section 8 hereof.

8. Expenses. The Underwriter shall be under no obligation to pay and the County shall pay or cause to be paid the expenses incident to the performance of the obligations of the

County hereunder, including but not limited to (a) the costs of the preparation and printing, or other reproduction of the County Documents, and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, municipal advisor, accountants or other experts or consultants retained by the County, including Bond Counsel and Disclosure Counsel, (c) the cost of preparation and printing of the Preliminary Official Statement and the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter, and any supplements and amendments thereto, and (d) charges of rating agencies for the rating(s) of the Bonds.

The Underwriter shall pay all out-of-pocket expenses of the Underwriter, including, without limitation, advertising expenses, the California Debt and Investment Advisory Commission fee, CUSIP Services Bureau charges, and any and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including the fees and expenses of Underwriter's counsel.

9. Notice. Any notice or other communication to be given to the County under this Purchase Agreement may be given by delivering the same in writing to the applicable address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Raymond James & Associates, Inc., One Embarcadero Center, Suite 650, San Francisco, California 94111, Attention: Rob Larkins, Managing Director.

10. Entire Agreement; Survival. This Purchase Agreement, when accepted by the County, shall constitute the entire agreement among the County and the Underwriter and is made solely for the benefit of the County and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. The representations and warranties of the parties set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of them (or statements as to the results of such investigations) concerning such representations and statements of the parties and regardless of delivery of and payment for the Bonds.

11. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation, and performance of this Purchase Agreement shall be governed by the laws of the State.

14. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the County without the prior written consent of the other parties hereto.

RAYMOND JAMES & ASSOCIATES, INC.

By: ___________________________________
Managing Director

Accepted as of the date first stated above at _____ a.m./p.m.:

COUNTY OF TULARE

By:___________________________________
Authorized Officer

APPENDIX A

Maturity Schedule

Maturity Date (____ 1)	Principal Amount	Interest Rate	Yield	Price

C: Priced to first optional redemption date of _________ 1, 20___ at par.

APPENDIX B

FORM OF RULE 15c2-12 CERTIFICATE

COUNTY OF TULARE
Taxable Pension Obligation Bonds,
Series 2018

The undersigned hereby certifies to Raymond James & Associates, Inc. (the “Underwriter”) that I am an authorized representative of the County of Tulare (the “County”), and as such, I am authorized to execute and deliver this Certificate and further hereby certify and confirm on behalf of the County to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the offering and sale of the above-captioned bonds (the “Bonds”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, setting forth information concerning the Bonds and the County (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is, accurate and complete except for the Permitted Omissions.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of this ___ day of _________, 2018.

COUNTY OF TULARE

By:_________________________________
Authorized Representative

Attachment 5

Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Tulare, California (the "County") in connection with the issuance of Taxable Pension Obligation Bonds, Series 2018 (the "Bonds"). The Bonds will be issued pursuant to a Trust Agreement, dated as of June 1, 2018 (the "Trust Agreement") by and between the County and U.S. Bank, National Association, as trustee for the Bonds (the "Trustee"). In connection therewith the County covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (hereinafter defined).

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, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic System designated by the MSRB.

"Listed Event" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Effective July 1, 2010, the Repository approved by the Securities and Exchange Commission is the Municipal Securities Rulemaking Board through its EMMA site.

"Rule" shall mean Rule 15c2-l2(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

"Participating Underwriters" shall mean the original Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The County shall, not later than the [April 15th] after the end of the County's Fiscal Year (presently June 30), commencing with the report for the 2017-18 Fiscal Year, provide to the Repository, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send to the Municipal Securities Rulemaking Board and to the Repository in a timely manner a notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the prior Fiscal Year, 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; provided, that if the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An annual updating (to reflect the most recently completed fiscal year) of the information of the type set forth in the Official Statement for the Bonds, dated ______ __, 2018:

1. Table 1 - General Fund Adopted Annual Budgets

2. Table 2 - Statement Of General Fund Revenues, Expenditures And Changes In Fund Balances

3. Table 3 - General Fund Balance Sheets

4. Table 5 - Equalized Roll Assessed Value Of Taxable Property

5. Table 11 - Employment

6. Table 16 - Tulare County Employees' Retirement Association Schedule Of Funding Progress

7. Table 17 - Tulare County Employees' Retirement Association Asset Value Comparison

8. Table 18 - County Of Tulare Net Pension Liability

9. Table 19 - County Of Tulare Annual Contribution To Retirement Plans

10. Table 22 - County Of Tulare OPEB Plan Schedule Of Funding Progress

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 County or related public entities, which have been submitted to the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Bonds calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (b), the County shall determine if such event would be material under applicable federal securities laws.

(d) If the County determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the County shall file a notice of such occurrence with the Repository in a timely manner not more than ten (10) business days after the event.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds, or (b) if, in the opinion of nationally recognized bond counsel, the County ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as 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 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 County 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 County 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 9. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County 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 County to comply with this Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June __, 2018.

County of Tulare

By____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: County of Tulare

Name of Issue: $________ Taxable Pension Obligation Bonds, Series 2018

Date of Issuance: June ___, 2018

NOTICE IS HEREBY GIVEN that the County of Tulare (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the County on June __, 2018. The County anticipates that the Annual Report will be filed by __________.

Dated: __________

County of Tulare

By____
Authorized Representative

Attachment 6

Debenture

$[Debenture Amount]

COUNTY OF TULARE

STATE OF CALIFORNIA

TAXABLE PENSION OBLIGATION DEBENTURE

The COUNTY OF TULARE (the “County”), a political subdivision of the State of California, acknowledges itself indebted, and for value received hereby promises to pay, to the TULARE COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (the “Association”), a retirement association existing under the County Employees’ Retirement Law of 1937 of the State of California, or assigns (the “Holder”), the sum of $[Debenture Amount], which amount equals the principal amount of a portion of the County’s unfunded accrued actuarial liability as of June 30, 2017, together with interest thereon from the date hereof at the rate of ____% per annum. Principal and interest shall be paid at such address as shall have been agreed upon by the Holder hereof and the County. Interest on such principal amount shall be payable commencing on December 1, 2018, and semiannually thereafter, and shall accrue from the date of this Debenture (defined below) or from the most recent date to which interest has been paid or duly provided for until the principal and interest hereof are paid or made available for payment.

This Debenture is a duly authorized debenture of the County designated its “Taxable Pension Obligation Debenture” (the “Debenture”) in the aggregate original principal amount of $[Debenture Amount] issued under and in full compliance with the Constitution and statutes of the State of California, particularly the County Employees’ Retirement Law of 1937, being Chapter 3 of Part 3 of Division 4 of Title 3 of the Government Code of the State of California, as amended (the “Act”), and under and pursuant to a resolution adopted by the Board of Supervisors of the County (the “Resolution”), and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a complete statement of such terms and conditions.

This Debenture may at any time, and from time to time, be prepaid at the option of the County in whole or in part without premium and without prior notice.

The obligations of the County hereunder, including the obligations to make all payments of interest and principal when due, are obligations of the County imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. This Debenture does not constitute an obligation of the County for which the County is obligated or permitted to levy or pledge any form of taxation or for which the County has levied or pledged or will levy or pledge any form of taxation. Neither the Debenture nor the obligation of the County to make payments on the Debenture constitutes an indebtedness of the County, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Pursuant to Section 31584 of the Act, the Board of Supervisors of the County is obligated to make appropriations to pay the obligations evidenced by this Debenture and such section requires the Auditor-Controller/Treasurer-Tax Collector of the County to transfer from any money available in any fund in the County Treasury such sums if the Board of Supervisors fails to make such appropriations.

Notwithstanding any dispute between the County and the Association, or any assignee of the Association, or any assigns of the Association, the County shall make all payments required hereunder when due, unless made earlier pursuant to optional prepayment, from any source of legally available funds and shall not withhold any such payments pending the final resolution of such dispute or for any other reason whatsoever. The County hereby waives presentment, protest, notice, demand or any action on delinquency with respect to the payment of principal of and interest in connection with this Debenture.

It is hereby certified and recited that all conditions, acts, and things required by law and the Resolution to exist, to have happened, and to have been performed do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, THE COUNTY OF TULARE has caused this Debenture to be signed in its name and on its behalf by the signature of the County Administrative Officer of the County as of the __ day of _____ 2018.

COUNTY OF TULARE

By: ______________________________
County Administrative Officer

Attachment 7

Preliminary Official Statement

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2018

NEW ISSUE BOOK ENTRY ONLY

New **RATING:**
Moody's: "___"
S&P: "___"
See "Rating" herein.

In the opinion of Bond Counsel to the County, interest and original issue discount (as defined below) on the Series 2018 Bonds (i) is not excludable from gross income for United States Federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of California. See "Tax Matters" herein.

$______________*

COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

Dated: Date of Delivery **Due: [June] 1, as shown on the inside cover**

The County of Tulare (the "County") is issuing its $________* Taxable Pension Obligation Bonds, Series 2018 (the "Series 2018 Bonds") pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Division 2, Title 5 of the Government Code of the State of California. The Series 2018 Bonds are being issued pursuant to a Trust Agreement, dated as of June 1, 2018 (the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee"). The Series 2018 Bonds are being issued to (i) refund a Debenture of the County, dated June __, 2018 (the "Debenture") in favor of the Tulare County Employees' Retirement Association ("TCERA"); and (ii) pay the costs of issuance of the Series 2018 Bonds. The Debenture evidences a portion of the outstanding unfunded actuarial liability of the County with respect to TCERA as of June 30, 2017. See "PLAN OF FINANCE."

The Trust Agreement provides that the County shall provide for payment of principal or redemption price of and interest on the Series 2018 Bonds from any source of legally available funds of the County and that the Series 2018 Bonds shall be obligations of the general fund of the County, shall not be limited as to payment to any special source of funds of the County and the payment thereof shall not be subject to appropriation. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS."

Interest on the Series 2018 Bonds is payable semiannually on June 1 and December 1 of each year, commencing on December 1, 2018. The Series 2018 Bonds will be issued in book entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2018 Bonds. Individual purchases of the Series 2018 Bonds will be made in book entry form only. Purchasers of the Series 2018 Bonds will not receive certificates representing their ownership interests in the Series 2018 Bonds purchased. The Series 2018 Bonds will be issued in denominations of $5,000 and any integral multiple thereof. Principal and interest payments with respect to the Series 2018 Bonds are payable directly to DTC by U.S. Bank, National Association, as Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series 2018 Bonds. See APPENDIX C – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2018 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See "THE SERIES 2018 BONDS —Redemption."

THE OBLIGATIONS OF THE COUNTY UNDER THE SERIES 2018 BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE COUNTY IMPOSED BY LAW AND PURSUANT TO THE TRUST AGREEMENT ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2018 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE PAYMENTS ON THE SERIES 2018 BONDS CONSTITUTE AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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* *Preliminary; subject to change.*

This cover page contains information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Series 2018 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Hawkins Delafield & Wood LLP, Bond Counsel to the County, and certain other conditions. KNN Public Finance, LLC is serving as municipal advisor to the County in connection with the issuance of the Series 2018 Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, and for the County by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the County, and by the County Counsel. It is anticipated that the Series 2018 Bonds will be available for delivery through the DTC book-entry system on or about June [26], 2018.

RAYMOND JAMES

Dated: May __, 2018

$__________*

COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

Maturity Schedule

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP† (______)

$________ ___% Term Bond due June 1, 20__; Yield ____%; CUSIP†: _______
$________ ___% Term Bond due June 1, 20__; Yield ____%; CUSIP†: _______

* Preliminary; subject to change.
† Copyright 2018, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Authority and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. The County and the Underwriter do not take any responsibility for the accuracy of such numbers.

COUNTY OF TULARE, CALIFORNIA

COUNTY OF TULARE BOARD OF SUPERVISORS

BOARD OF SUPERVISORS

Kuyler Crocker	Vice Chair, District One
Pete Vander Poel	Supervisor, District Two
Amy Shuklian	Supervisor, District Three
Steve Worthley	Chair, District Four
Mike Ennis	Supervisor, District Five

COUNTY OFFICIALS

Michael Spata	County Administrative Officer
Deanne Peterson	County Counsel
Cass Cook	Auditor-Controller/Treasurer-Tax Collector

SPECIAL SERVICES

BOND COUNSEL
Hawkins Delafield & Wood LLP

DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth, a Professional Corporation

MUNICIPAL ADVISOR
KNN Public Finance, LLC

TRUSTEE
U.S. Bank National Association

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2018 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter.

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

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted with respect to the sale of the Series 2018 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2018 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2018 BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER AND YIELDS HIGHER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

TABLE OF CONTENTS

Page

OFFICIAL STATEMENT

$________________[*]
COUNTY OF TULARE
TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series 2018 Bonds to potential investors is made only by means of the entire Official Statement. Terms used in this Introduction and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement.

Purpose

The purpose of this Official Statement, which includes the cover page and appendices is to set forth certain information concerning the issuance and sale by the County of Tulare (the "County") of its $____________* Taxable Pension Obligation Bonds, Series 2018 (the "Series 2018 Bonds"). The Series 2018 Bonds are being issued pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the "State"). The Series 2018 Bonds are being issued pursuant to a Trust Agreement, dated as of June 1, 2018 (the "Trust Agreement"), between the County and U.S. Bank National Association, as trustee (the "Trustee"). The Series 2018 Bonds will be issued in fully registered form and will be issued in denominations of $5,000 or any integral multiple thereof.

The County is issuing the Series 2018 Bonds to (i) refund a Debenture of the County, dated June __, 2018 (the "Debenture") in favor of the Tulare County Employees' Retirement Association ("TCERA"); and (ii) pay the costs of issuance of the Series 2018 Bonds. See "PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

Pursuant to Section 31584 of the County Employees Retirement Law of 1937, as amended (the "Retirement Law"), the County Board of Supervisors (the "Board of Supervisors") is obligated to appropriate and make payments to the Tulare County Employees' Retirement System ("TCERA") arising as a result of retirement benefits accruing to members of TCERA. The County's statutory obligation includes, among others, the requirement to amortize the unfunded accrued actuarial liability ("UAAL") with respect to such retirement benefits. The Series 2018 Bonds are being issued to refinance a portion of the County's prior UAAL to TCERA.

Validation

On August 9, 1996, a default judgment (the "Validation Judgment") was entered by the Superior Court of the State of California for the County of Tulare entitled County of Tulare v. All Persons Interested et al., No. 96-174828. The judgment was entered in connection with an action which was initiated by the County in connection with the issuance of County pension obligation bonds. See "VALIDATION."

Security and Sources of Payment for the Series 2018 Bonds

The Series 2018 Bonds are secured under the terms of the Trust Agreement as described herein. The Trust Agreement provides that the County shall provide for payment of principal or redemption price of and interest on the Series 2018 Bonds from any source of legally available funds of the County. The Trust Agreement also provides that the Series 2018 Bonds shall be obligations of the General Fund of the County, shall not be

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[*] *Preliminary; subject to change.*

limited as to payment to any special source of funds of the County and the payment thereof shall not be subject to appropriation.

The Series 2018 Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The assets of TCERA are not available for payment of the Series 2018 Bonds and the Series 2018 Bonds do not constitute an obligation of TCERA.

No assurance can be given as to the amount and source of funds available in the County treasury for such transfer at any particular time. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS" and "RISK FACTORS – Limitation on Remedies; Bankruptcy."

THE OBLIGATIONS OF THE COUNTY UNDER THE SERIES 2018 BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE COUNTY IMPOSED BY LAW AND PURSUANT TO THE TRUST AGREEMENT ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2018 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE PAYMENTS ON THE SERIES 2018 BONDS CONSTITUTE AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Additional Bonds and Other Obligations

The Trust Agreement provides that from time to time, the County may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Series 2018 Bonds or to refund any other evidences of indebtedness of the County arising pursuant to the Retirement Act. Such Additional Bonds may be issued on a parity with the Series 2018 Bonds.

The County may also issue pension obligation bonds pursuant to separate indentures or trust agreements, payable from the County's General Fund on a parity with the Series 2018 Bonds and any Additional Bonds. The County has issued, and may issue in the future, other obligations payable from the County General Fund. See APPENDIX A — "CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA" for information concerning currently outstanding obligations payable from the General Fund.

Risk Factors

An investment in the Series 2018 Bonds involves certain risks. Investors must read this 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 herein, in evaluating the investment quality of the Series 2018 Bonds.

The County

The County was incorporated in 1852 as a general law county pursuant to the established general laws of the State of California (the "State"). A five-member Board of Supervisors, elected for four-year terms in district nonpartisan elections, governs the County. The eight incorporated cities in the County are: Dinuba, Exeter, Lindsay, Porterville, Farmersville, Tulare, Visalia and Woodlake, with the City of Visalia as the County seat. The County covers approximately 4,863 square miles. The County is bordered on the north by Fresno

County, to the east by Inyo County, to the south by Kern County and to the west by Kings County. See APPENDIX A – "CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA" attached hereto.

Book-Entry Only System

The Series 2018 Bonds will be issued in book-entry form only and, when delivered, 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 for the Series 2018 Bonds. Ownership interests in the Series 2018 Bonds may be purchased in book-entry form only. See APPENDIX C — "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Summaries Not Definitive

Brief descriptions of the Series 2018 Bonds, the County, TCERA, and the Trust Agreement are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Series 2018 Bonds and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the Series 2018 Bonds, the forms thereof included in the Trust Agreement.

Continuing Disclosure

The County has agreed to provide, or cause to be provided, in accordance with Securities Exchange Commission Rule 15c2-12(b)(5), certain annual financial information and operating data, including the audited financial statements of the County. See "CONTINUING DISCLOSURE" and APPENDIX F — "FORM OF DISCLOSURE CERTIFICATE."

PLAN OF FINANCE

The Series 2018 Bonds are being issued for the purpose of refunding the Debenture and the obligations of the County with respect to the retirement benefits represented thereby. The Debenture evidences a portion of the County's current unfunded accrued actuarial liability to TCERA. Upon the issuance of the Series 2018 Bonds, the proceeds of the Series Bonds will be deposited with the Trustee. The Trustee will transfer to TCERA the portion of the proceeds of the Bonds equal to the principal amount of the Debenture to refund the Debenture and the obligation represented thereby. Such proceeds will be invested by the System in accordance with its stated investment policy. The balance of the proceeds will be remitted to or upon the order of the County to be applied to pay costs of issuance of the Bonds.

Pursuant to a Resolution adopted by the Board of Retirement of TCERA, TCERA will apply the proceeds of the Series 2018 Bonds it receives from the County to the County's share of the three existing "layers" of the retirement system's unfunded accrued actuarial liability. Each of the layers is being amortized over a separate closed 19 year period and the bond proceeds will be applied by TCERA to those layers over periods corresponding to the remaining amortization periods. The net effect will be to reduce the County's annual payments to TCERA for those existing layers of unfunded accrued actuarial liability.

As a consequence of the transfer of proceeds to the System, the County anticipates that it will be relieved of the obligation to make the annual payments to TCERA with respect to the portion of current unfunded accrued actuarial liability evidenced by the Debenture that, over time, would have amortized such liability. The County is issuing the Series 2018 Bonds with a goal of achieving lower all-in costs than would be the case if it did not issue the Series 2018 Bonds. However, any change in the actuarial assumptions underlying the calculations of the unfunded liability due to a reduced reinvestment rate on the TCERA's, could minimize or negate the advantages to the County of prepayment of its unfunded pension benefit liability. In addition, the unfunded liability will be affected by certain other factors, including, without limitation, actual investment returns and other experience (including mortality rates), inflationary factors, changes in actuarial assumptions, changes in statutory provisions of the Retirement Law and changes in the levels of benefits provided or in the contribution rates of the County. See “RISK FACTORS” herein.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2018 Bonds are set forth below:

Sources of Funds	
Par Amount of Bonds	$
Less/Plus Original Issue Discount/Premium	
Total Sources	
Uses of Funds	
Payment to TCERA	
Costs of Issuance [(1)]	
Total Uses	

(1) Includes Underwriter’s discount, legal fees, fees of the Municipal Advisor, the Trustee, rating agencies, printing costs and other miscellaneous expenses.

THE SERIES 2018 BONDS

General

The Series 2018 Bonds will be dated the date of delivery, and will mature on each June 1 in the amounts and on the dates set forth on the inside cover of this Official Statement... The Series 2018 Bonds will be issued as fully registered bonds in denominations of five thousand dollars ($5,000) or any integral multiple of five thousand dollars ($5,000). The Series 2018 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2018 Bonds. While the Series 2018 Bonds are held in the book-entry system of DTC, all payments of principal and interest on the Series 2018 Bonds will be made to Cede & Co., as registered owner of the Series 2018 Bonds. See APPENDIX C — “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Interest on the Series 2018 Bonds is payable on December 1, 2018 and semiannually thereafter on June 1 and December 1 of each year, at the rates set forth on the inside cover page based on a 360-day year of twelve 30-day months.

Redemption

Optional Redemption. The Series 2018 Bonds maturing on and after June 1 , 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the County, from any source of available funds, as a whole or in part on any date, on or after June 1, 20__ at the principal amount thereof, plus interest accrued to the date of redemption, without premium.

Make-Whole Redemption. The Series 2018 Bonds maturing on and prior to June 1, 20___ shall be subject to optional redemption prior to their maturity, at the option of the County, in whole or in part on any date, at a redemption price equal to the greater of (A) 100% of the principal amount of the Series 2018 Bonds to be redeemed, or (B) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2018 Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus __ basis points, plus in each case, accrued and unpaid interest on the Series 2018 Bonds being redeemed to the date fixed for redemption. The Redemption Price to be paid in accordance with this Section 4.03 will be calculated and provided to the Trustee by an Independent Investment Banker appointed by the County.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2018 Bond, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2018 Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2018 Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2018 Bond, (1) the average of the applicable Reference Treasury Dealer Quotation for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers designated by the County.

"Reference Treasury Dealer" means each of the four firms, as specified by the County from time to time, that are primary U.S. government securities dealers in the City of New York (each, a "Primary Treasury Dealer") and their successors; provided, however, that if any of them ceases to be a Primary Treasury Dealer, the County will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2018 Bond of a particular maturity, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 pm., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2018 Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue computed as of the second business day immediately preceding that redemption date assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

Mandatory Sinking Fund Redemption of Series 2018 Bonds Maturing on __________. The Series 2018 Bonds maturing on ____________ are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The Series 2018 Bonds shall be so redeemed on the following dates and in the following amounts:

• **Redemption Date (____)**	• **Principal Amount**
•	•
•	•
•	•
•	•

* Maturity.

Selection of Series 2018 Bonds for Redemption. If less than all of the Series 2018 Bonds of maturity are called for redemption, the Trustee shall select the Series 2018 Bonds or any given portion thereof to be redeemed from the Series 2018 Bonds Outstanding or such given portion thereof not previously called for redemption, pro rata.

If the Series 2018 Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2018 Bonds, if less than all of the Series 2018 Bonds of a maturity are called for redemption, the particular Series 2018 Bonds or portions thereof to be redeemed shall be selected on a pro rata pass-through distributions of principal basis in accordance with DTC procedures, provided that, so long as the Series 2018 Bonds are held in book-entry form, the selection for redemption of such Series 2018 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements do not allow for the redemption of the Series 2018 Bonds on a pro rata pass-through distributions of principal basis as discussed above, then the Series 2018A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. Upon surrender of a Series 2018 Bond to be redeemed in part, the Trustee will authenticate for the registered Bondholder a new Series 2018 Bond or Series 2018 Bonds of the same maturity, series, type and tenor equal in principal amount to the unredeemed portion of the Series 2018 Bonds surrendered.

Notice of Redemption. The County shall give the Trustee written notice of its intention to redeem any or all of the Series 2018 Bonds not less than 15 days prior to such date as the Trustee must provide notice of redemption to Bondholders. The Trustee shall give notice of redemption to Bondholders affected by such redemption as provided in the Trust Agreement and the Trustee shall, at least 30 days (or, if any Series 2018 Bonds are at such time not Book-Entry Bonds, at least 32 days) but not more than 60 days before each redemption, send such notice of redemption by Mail (or, with respect to Series 2018 Bonds held by DTC, by facsimile transmission or an express delivery service for delivery on the next following Business Day) to each Bondholder of a Series 2018 Bond to be redeemed at such Bondholder's registered address. Such notice shall include the redemption date, the redemption price, the place at which the Series 2018 Bonds are to be surrendered for redemption and a statement that from and after the redemption date interest on the Series 2018 Bonds called for redemption shall cease to accrue.

With respect to any notice of optional redemption or make-whole redemption of the Series 2018 Bonds, in whole or in part, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of and accrued interest on the such Series 2018 Bonds to be redeemed, and that if such moneys shall not have been so received, said notice shall be of no force and effect and the County shall not be required to redeem such Series 2018 Bonds or to pay any amounts to the Owners of the Bonds except to pay principal of and interest on the Bonds when due in accordance with the Trust Agreement. In the event that such conditional notice of redemption contains such a provision and such moneys are not so received, the conditional redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received and that the conditional redemption was cancelled. The County may rescind any redemption and notice thereof may be rescinded by County for any reason, by providing written notice of such rescission to the Trustee on any date prior to the date fixed for redemption. Within one day of receipt of such written notice, the Trustee shall give written notice of the rescission to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given by the Trustee in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to such rescission and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Trust Agreement relating to such Series 2018 Bonds as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2018 Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2018 Bonds shall cease to accrue, such Series 2018 Bonds shall cease to be entitled to any lien, benefit or security under this Trust Agreement and the Bondholders of such Series 2018 Bonds shall have no rights in respect thereof except to receive payment of the redemption price and accrued interest to the redemption date.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2018 BONDS

General

The Trust Agreement provides that the County shall provide for payment of principal or redemption price of and interest on the Series 2018 Bonds from any source of legally available funds of the County and deposit payment in the Revenue Fund at least three (3) Business Days before the payment date of any principal of and interest on the Series 2018 Bonds.

The Trust Agreement provides that the Series 2018 Bonds shall be obligations of the General Fund of the County, shall not be limited as to payment to any special source of funds of the County and the payment thereof shall not be subject to appropriation. The Series 2018 Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation.

The Trust Agreement provides that, in the event the County Board of Supervisors fails to make appropriations sufficient to deposit with the Trustee the amounts required to pay principal of, premium, if any, and interest on the Series 2018 Bonds by an Interest Payment Date, the County Auditor-Controller/Treasurer-Tax Collector shall transfer any lawfully available funds in the County Treasury to the Trustee to the extent necessary to pay the principal of, premium, if any, and interest coming due on the Series 2018 Bonds on such Interest Payment Date, and such transfer will have the same force and effect as it would have had if the required appropriation had been made by the County Board of Supervisors. The County Auditor-Controller/Treasurer-Tax Collector will furnish written notice to the County Board of Supervisors of any such transfer.

The payment of the interest on and principal of the Series 2018 Bonds is not limited to any special source of funds of the County. The assets of TCERA are not available for payment of the Series 2018 Bonds and the Series 2018 Bonds do not constitute an obligation of TCERA.

See "RISK FACTORS – Limitation on Remedies; Bankruptcy."

All amounts received by the Trustee from the County in respect of interest payments on the Series 2018 Bonds shall be deposited in the Bond Interest Account created pursuant to the Trust Agreement and shall be disbursed to the applicable Bondholders to pay interest on the Series 2018 Bonds. All amounts held at any time in the Bond Interest Account shall be held for the security and payment of interest on the Series 2018 Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the County shall promptly deposit funds to such Account to cure such deficiency.

All amounts received by the Trustee from the County in respect of principal payments on the Series 2018 Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal (including mandatory sinking fund requirements) of the Series 2018 Bonds, as applicable, pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the County shall promptly deposit funds to such Account to cure such deficiency.

The Trust agreement provides that the moneys in the Revenue Fund and the accounts shall be held by the Trustee in trust and applied as herein provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Series 2018 Bonds issued and Outstanding under this Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

THE OBLIGATIONS OF THE COUNTY UNDER THE SERIES 2018 BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF INTEREST AND PRINCIPAL WHEN DUE, ARE OBLIGATIONS OF THE COUNTY IMPOSED BY LAW AND PURSUANT TO THE TRUST AGREEMENT

ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTER CLAIM. THE SERIES 2018 BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2018 BONDS NOR THE OBLIGATION OF THE COUNTY TO MAKE PAYMENTS ON THE SERIES 2018 BONDS CONSTITUTE AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Additional Bonds

Pursuant to the Trust Agreement, the County may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Series 2018 Bonds or to refund any other evidences of indebtedness of the County arising pursuant to the Retirement Act. Such Additional Bonds may be issued on a parity with the Series 2018 Bonds, which such Additional Bonds may be issued on a parity with the Series 2018 Bonds without the consent of any Holder. See APPENDIX D – “SUMMARY OF THE TRUST AGREEMENT.”

The County may also issue pension obligation bonds pursuant to separate indentures or trust agreements, payable from the County’s General Fund on a parity with the Series 2018 Bonds and any Additional Bonds.

In addition to the pension obligations bonds described above, the County has issued, and may issue in the future, other obligations payable from the County General Fund. See APPENDIX A — “CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA” for information concerning currently outstanding obligations payable from the General Fund.

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service schedule for the Series 2018 Bonds.

Payment Date	Principal	Interest	Fiscal Year Total Debt Service

THE COUNTY

The County was incorporated in 1852 as a general law county pursuant to the established general laws of the State of California (the "State"). A five-member Board of Supervisors, elected for four-year terms in district nonpartisan elections, governs the County. The eight incorporated cities in the County are: Dinuba, Exeter, Lindsay, Porterville, Farmersville, Tulare, Visalia and Woodlake, with the City of Visalia as the County seat. The County covers approximately 4,863 square miles. The County is bordered on the north by Fresno County, to the east by Inyo County, to the south by Kern County and to the west by Kings County.

Financial, economic and demographic information regarding the County is contained in APPENDIX A—"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA" and APPENDIX B—"COUNTY OF TULARE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017" hereto. Each contains important information concerning the County and should be read in its entirety.

RISK FACTORS

The following information should be considered by prospective investors, in addition to the other matters set forth in this Official Statement in evaluating the Series 2018 Bonds. However, it does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to an investment in the Series 2018 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. There can be no assurance that other risk factors not discussed herein will not become material in the future.

County Obligations

The County has a significant amount of obligations payable from its General Fund, including but not limited to debt obligations, pension obligations, lease obligations and other obligations related to post-employment retirement benefits as well as certain other liabilities. The Trust Agreement does not prohibit the County from incurring additional lease and other obligations payable from the County's General Fund. See APPENDIX A—"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

REGARDING THE COUNTY OF TULARE, CALIFORNIA" for further discussion of the County's obligations.

Increasing Retirement Related Costs

The County is required to make contributions to TCERA for County employees. Such obligations are a significant financial obligation of the County and are projected to increase significantly in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns, and future changes to benefits or actuarial assumptions. There can be no assurances that actual increases in required contributions will not be higher than the projections. See "APPENDIX A—"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA – Defined Benefit Retirement Program."

Natural Disasters; Increased Regulations Affecting County Economy

The occurrence of an earthquake, fire, flooding or other natural disaster which resulted in significant damage within the County or otherwise significantly impacted the economy of the County could materially adversely affect the financial condition of the County. The State recently experienced a significant drought. In the event there are significant droughts in the future, such circumstances could materially adversely affect the financial condition of the County (particularly in light of the significant agricultural operations and businesses in the County).

In addition, the County's economy could be impacted in the future by potential future increased state or federal regulations. In particular, in the event that any state of federal regulations are enacted which materially adversely impact the dairy industry in the County, circumstances could materially adversely affect the financial condition of the County.

Limitation on Sources of Revenues; Additional Expenditures

There are limitations on the ability of the County to increase revenues payable to the County General Fund. The ability of the County to increase taxes is limited by Article XIII A, Article XIII B, Article XIII C, Article XIII D and Proposition 62. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." In addition to limitations that have been imposed on the ability of the County to raise revenues, State and federally mandated expenditures by counties for justice, health and welfare have increased. There can be no assurances that state or federal actions affecting the County will not have a material adverse financial impact on the County.

Limitation on Remedies; Bankruptcy

The enforceability of the rights and remedies of the Holders of the Series 2018 Bonds are subject to a number of limitations, including bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California

In addition, the rights and remedies of the Holders of the Series 2018 Bonds may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The County is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the County is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. Should the County file for bankruptcy, there could be adverse effects on the holders of the Series 2018 Bonds.

If the County is in bankruptcy, the parties (including the Trustee and the holders of the Series 2018 Bonds) may be prohibited from taking any action to collect any amount from the County or to enforce any obligation of the County, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the holders of the Series 2018 Bonds from funds in the Trustee's possession.

The Series 2018 Bonds are not secured by any property other than the funds that the County has actually deposited with the Trustee, and the County is not obligated to deposit any funds with the Trustee until the third business day prior to the applicable bond payment debt. The Bonds are not secured by the funds allocated to the Debt Service Fund in the County treasury. If the County is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations to the Debt Service Fund in the County treasury, and it may not be obligated to turn over to the Trustee any moneys that have been allocated to the Debt Service Fund in the County treasury. As a result, the Series 2018 Bonds would likely be treated as unsecured obligations of the County in the bankruptcy case. Under such circumstances, the holders of the Series 2018 Bonds could suffer substantial losses.

The County may be able, without the consent and over the objection of the Trustee or the holders of the Series 2018 Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants, and other terms or provisions of the Trust Agreement and the Series 2018 Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Series 2018 Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the County that could result in delays or reductions in payments on the Series 2018 Bonds, or result in losses to the holders of the Series 2018 Bonds. Regardless of any specific adverse determinations in a County bankruptcy proceeding, the fact of a County bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2018 Bonds.

In two situations in the State, holders of pension obligations bonds issued by cities that participate in the California Public Employees' Retirement System experienced significant losses in their investment in such pension obligation bonds as a result of the cities subsequently seeking voluntary protection from their creditors pursuant to Chapter 9 of the Bankruptcy Code.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Following is a discussion of certain significant limitations on the ability of the County to increase revenues payable to the County General Fund.

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property 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 newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre- reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the Series 2018 Bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition III amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (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 which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (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 which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, 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 that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Supervisors adopted the annual appropriation limit for the Fiscal Year 2017-18 of $4,011,659,444. The limitation applies only to proceeds of taxes (and investment earnings thereon)and therefore does not apply to service fees and charges, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs (or investment earnings on the foregoing). Based on the Fiscal Year 2017-18 budget, the funds subject to limitation total $200,582,972 (total General Operating Budget minus revenues excluding taxes, investment earnings thereon, and debt service).

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the Series 2018 Bonds is used exclusively to purchase or improve real property.

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two- thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the' special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al. (*"*La Habra*"). In this case, the court held that public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The County believes that the portion of the County's taxes subject to Proposition 62 is in compliance with Proposition 62 requirements.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the "Right to Vote on Taxes Act" ("Proposition 218"). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the County, to impose and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County's ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County's costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the County does not presently believe that the potential impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County's ability to pay principal of and interest on the Notes and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote of the electorate and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the "Proposition 218 Omnibus Implementation Act"), which directed that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the County's General Fund. Further, "fees" and "charges" are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The County is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the principal of and interest on the Series 2017 A Bonds as and when due or any of its other obligations payable from the County General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the County, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the principal of and interest on the Series 2018 Bonds, as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency (subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIIIC) upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the County, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the Series 2018 Bonds as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The fees and charges of the County's enterprise funds, including those which are not property related for purposes of Article XIII D of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (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; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See "- Proposition 218."

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies.

If the local government specifics how the funds from a proposed local tax are to be used, the approval will be subject to a two- thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

As of the date hereof, none of the County's fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 62, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County's ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

VALIDATION

On August 9, 1996, a default judgment (the "Validation Judgment") was entered by the Superior Court of the State of California for the County of Tulare entitled County of Tulare v. All Persons Interested *et al*., No. 96-174828. The judgment was entered in connection with an action which was initiated by the County pursuant to the provisions of Sections 860 *et seq*. of the California Code of Civil Procedure to confirm the validity of the County's 1996 Pension Obligation Bonds, which matured in 20__ (the "1996 Bonds") and any future series of pension obligation bonds. The opinion of Bond Counsel as to the validity of the Series 2018 Bonds (attached hereto as Appendix E), provides that, in rendering its opinion, Bond Counsel has relied upon the entry of Validation Judgment, which states in part that "the County has the authority under California law to issue the [d]ebenture [executed in 1996] and the [1996] Bonds and any future debentures or series of bonds and to execute and deliver all contracts and agreements related thereto" and that "the County's incurrence of any and all indebtedness and/or liability in connection with the [d]ebenture and the [1996] Bonds and any future debentures or series of bonds.... is exempt from and not subject to the debt limitations set forth in Article XVI, Section 18 of the California Constitution." The Superior Court also held that the "[1996] Bonds, any future debentures or series of bonds, and any and all contracts and agreements executed and delivered in connection therewith are valid and binding obligations under the Constitution and the laws of the State of California" and "[a]ll persons are … permanently enjoined and restrained from the institution of any action or proceeding challenging, inter alia, the validity of the County Resolution [authorizing the institution of the validation process], or any matters [therein] adjudicated or which at this time could have been adjudicated against the County and against all other persons …." There can be no assurances that the Validation Judgment would bar the commencement of an action contesting the validity of the Series 2018 Bonds, or that a court considering any such action, if commenced, would be bound by the Validation Judgment. However, pursuant to Section 863 of the California Code of Civil Procedure, any action against a public agency challenging the issuance of bonds by such public agency, or the validity of a contract entered into in connection with the issuance of bonds, must be brought against such public agency within 60 days of the date of authorization of such bonds or contracts by the public agency, unless “good cause” can be shown. This 60-day period will have elapsed prior to the issuance of the Series 2018 Bonds.

TAX MATTERS

In the opinion of Bond Counsel to the County, interest and original issue discount (as defined below) on the Series 2018 Bonds (i) is not excludable from gross income for United States Federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of California.

The following discussion is a summary of the principal United States Federal income tax consequences of the acquisition, ownership, and disposition of Bonds by original purchasers of the Series 2018 Bonds who are U.S. Holders (as defined below). This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations, revenue rulings and court decisions, all as now in effect and all subject to change at any time, possibly with retroactive effect. This summary assumes that the Series 2018 Bonds will be held as “capital assets” under the Code, and it does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2018 Bonds as a position in a “hedge” or “straddle” for United States Federal income tax purposes, holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire Series 2018 Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code. Each prospective purchaser of the Series 2018 Bonds should consult with its own tax advisor concerning the United States Federal income tax and other tax consequences to it of the acquisition, ownership and disposition of the Series 2018 Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

As used herein, the term “U.S. Holder” means a beneficial owner of a Series 2018 Bond that is for United States Federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

U.S. Holders—Interest Income

Interest and original issue discount (as defined below) on the Series 2018 Bonds are not excludable from gross income for United States Federal income tax purposes.

Original Issue Discount

For United States Federal income tax purposes, a Series 2018 Bond will be treated as issued with original issue discount (“OID”) if the excess of a Bond’s “stated redemption price at maturity” over its “issue price” equals or exceeds a statutorily determined *de minimis* amount. The “issue price” of each Series 2018 Bond in a particular issue equals the first price at which a substantial amount of such issue is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The “stated redemption price at maturity” of a Bond is the sum of all payments provided by such Series 2018 Bond other than “qualified stated interest” payments. The term “qualified stated interest” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In general, if the excess of a Series 2018 Bond’s stated redemption price at maturity over its issue price is less than .25 percent of the Series 2018 Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity (the “*de minimis* amount”), then such excess, if any, constitutes *de minimis* OID, and the Bond is not treated as being issued with

OID and all payments of stated interest (including stated interest that would otherwise be characterized as OID) is treated as qualified stated interest, as described below.

Payments of qualified stated interest on a Series 2018 Bond are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received in accordance with the U.S. Holder's regular method of tax accounting. A U.S. Holder of a Series 2018 Bond having a maturity of more than one year from its date of issue generally must include OID in income as ordinary interest as it accrues on a constant-yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. The amount of OID included in income by the U.S. Holder of a Series 2018 Bond is the sum of the daily portions of OID with respect to such Bond for each day during the taxable year (or portion of the taxable year) on which such U.S. Holder held such Series 2018 Bond. The daily portion of OID on any Bond is determined by allocating to each day in any "accrual period" a ratable portion of the OID allocable to the accrual period. All accrual periods with respect to a Series 2018 Bond may be of any length and the accrual periods may vary in length over the term of the Bond, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or final day of an accrual period. The amount of OID allocable to an accrual period is generally equal to the difference between (i) the product of the Series 2018 Bond's "adjusted issue price" at the beginning of such accrual period and such Series 2018 Bond's yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Series 2018 Bond at the beginning of any accrual period is the issue price of the Series 2018 Bond plus the amount of accrued OID includable in income for all prior accrual periods minus the amount of any prior payments on the Series 2018 Bond other than qualified stated interest payments. The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (i) the amount payable at the maturity of the Series 2018 Bond (other than a payment of qualified stated interest) and (ii) the Series 2018 Bond's adjusted issue price as of the beginning of the final accrual period. Under the OID rules, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

A U.S. Holder may elect to include in gross income all interest that accrues on a Series 2018 Bond using the constant-yield method described above under the heading "*Original Issue Discount*," with the modifications described below. For purposes of this election, interest includes, among other things, stated interest, OID and de minimis OID, as adjusted by any amortizable bond premium described below under the heading "*Bond Premium*". In applying the constant-yield method to a Series 2018 Bond with respect to which this election has been made, the issue price of the Series 2018 Bond will equal its cost to the electing U.S. Holder, the issue date of the Series 2018 Bond will be the date of its acquisition by the electing U.S. Holder, and no payments on the Series 2018 Bond will be treated as payments of qualified stated interest. The election will generally apply only to the Series 2018 Bond with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service. If this election is made with respect to a Series 2018 Bond with amortizable bond premium, then the electing U.S. Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Series 2018 Bond with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the Internal Revenue Service.

U.S. Holders of any Series 2018 Bonds issued with OID should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Series 2018 Bonds.

Bond Premium

In general, if a U.S. Holder acquires a Series 2018 Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2018 Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Series 2018 Bond (a "Premium Bond"). In general, if a U.S. Holder of a Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to such holder's basis in the Premium Bond. Any such election applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired, and is irrevocable without the Internal Revenue Service's consent. A U.S. Holder of a Premium Bond that so elects to amortize bond premium does so by offsetting the qualified stated interest allocable to each interest accrual period under the U.S. Holder's regular method of Federal tax accounting against the bond premium allocable to that period. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is treated as a bond premium deduction under Section 171(a)(1) of the Code, subject to certain limitations. If a Premium Bond is optionally callable before maturity at a price in excess of its stated redemption price at maturity, special rules may apply with respect to the amortization of bond premium. Under certain circumstances, the U.S. Holder of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

U.S. Holders of any Premium Bonds should consult their own tax advisors with respect to the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, and disposition of Premium Bonds.

U.S. Holders—Disposition of Series 2018 Bonds

Except as discussed above, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2018 Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series 2018 Bond. A U.S. Holder's adjusted tax basis in a Series 2018 Bond generally will equal such U.S. Holder's initial investment in the Series 2018 Bond, increased by any OID included in the U.S. Holder's income with respect to the Series 2018 Bond and decreased by the amount of any payments, other than qualified stated interest payments, received and bond premium amortized with respect to such Series 2018 Bond. Such gain or loss generally will be long-term capital gain or loss if the Series 2018 Bond was held for more than one year.

U.S. Holders—Defeasance

U.S. Holders of the Series 2018 Bonds should be aware that, for Federal income tax purposes, the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2018 Bonds to be deemed to be no longer outstanding under the resolution of the Series 2018 Bonds (a "defeasance"), could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, for Federal income tax purposes, the character and timing of receipt of payments on the Series 2018 Bonds subsequent to any such defeasance could also be affected. U.S. Holders of the Series 2018 Bonds are advised to consult with their own tax advisors regarding the consequences of a defeasance for Federal income tax purposes, and for state and local tax purposes.

U.S. Holders—Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest, and the accrual of OID on a Bond and the proceeds of the sale of a Series 2018 Bond before maturity within the United States. Backup withholding will apply to such payments and to payments of OID unless the U.S. Holder (i) is a corporation or other exempt recipient and, when required, demonstrates that fact, or (ii) provides a correct taxpayer identification number, certifies under penalties of perjury, when required, that such U.S. Holder is not subject to backup withholding and has not been notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States Federal income tax returns.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, could affect the market price or marketability of the Series 2018 Bonds.

Prospective purchasers of the Series 2018 Bonds should consult their own tax advisors regarding the foregoing matters.

CERTAIN LEGAL MATTERS

The validity of the Series 2018 Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E. Bond Counsel undertakes no responsibility for the accuracy, completeness, or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, and for the County by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel to the County, and by the County Counsel. Payment of the fees of Bond Counsel, Disclosure Counsel, and counsel to the Underwriter are contingent on the issuance on the Series 2018 Bonds.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate with respect to the Series 2018 Bonds (the "Disclosure Certificate"), the County has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access System ("EMMA") certain annual financial information and operating data, including its audited financial statements, and an update of certain information contained in APPENDIX A — "CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA". In addition, in the Disclosure Certificate, the County has agreed to provide, or cause to be provided, to the MSRB notice of certain events as set forth in the Disclosure Certificate. The County may amend or terminate the Disclosure Certificate, or waive any provision thereof, without the consent of the Owners of the respective bonds, as set forth in the Disclosure Certificate. See APPENDIX F — "FORM OF DISCLOSURE CERTIFICATE."

The County has previously entered into disclosure undertakings in connection with prior financings. In the last five years the County has filed annual reports pursuant to such prior undertakings in a timely manner. However, the filing for Fiscal Year 2012-13 was not "linked" to all relevant CUSIP numbers. In addition, the County failed to file the adopted budget for Fiscal Year 2013-14 in a timely manner. The County has made corrective filings with respect to these matters, and has adopted a disclosure policy which provides that the Auditor-Controller/Treasurer-Tax Collector will be responsible for continuing disclosure filings and compliance.

FINANCIAL STATEMENTS

The County's financial statements for the Fiscal Year ended June 30, 2017, included in Appendix B hereto, have been audited by Brown Armstrong, Certified Public Accountants, as stated in their report appearing in Appendix B hereto. Brown Armstrong has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report, review this Official Statement, or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Brown Armstrong with respect to any event subsequent to its report dated December 20, 2017.

LITIGATION

To the best knowledge of the County there is no action, suit or proceeding known to be pending or threatened restraining or enjoining the execution or delivery of the Series 2018 Bonds or the Trust Agreement or any other document relating to the Series 2018 Bonds, or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury, and wrongful death actions seeking damages in excess of the County's self-insurance reserve. There are also several actions and claims seeking non-monetary relief, such as a case under the California Environmental Quality Act challenging the County's recent approval of a new permitting process for certain dairies, and a new claim that the County's approved 2011 Supervisorial Redistricting Plan violates the Federal Voting Rights Act. In the opinion of the County Counsel, such suits and claims as are presently pending will not have a material adverse effect on the ability of the County to make debt service payments on the Series 2018 Bonds.

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings Inc., a Standard & Poor's Financial Services LLC business ("S&P") have assigned ratings on the Series 2018 Bonds of "__," " and "___," respectively.

Certain information was supplied by the County to such rating agencies to be considered in evaluating the Series 2018 Bonds. The ratings reflect only the views of the rating agencies and any explanation of the significance of such ratings and any ratings on any of the County's outstanding obligations may be obtained only from such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any of them, if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2018 Bonds.

UNDERWRITING

The Series 2018 Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter") The Underwriter has agreed, subject to certain conditions, to purchase such Series 2018 Bonds at a purchase price of $_________ (representing the $_________ aggregate principal amount of the Series 2018 Bonds less $__________ of original issue discount and less $_________ of Underwriter's discount).

The Purchase Contract relating to the Series 2018 Bonds (the "Purchase Contract") provides that the Underwriter will purchase all of the Series 2018 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel and certain other conditions. The Underwriter may offer and sell the Series 2018 Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page. The offering prices may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

KNN Public Finance LLC is employed as Municipal Advisor to the County in connection with the issuance of the Series 2018 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2018 Bonds is contingent upon the issuance and delivery of the Series 2018 Bonds. The Municipal Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Series 2018 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the County.

COUNTY OF TULARE

By: ______________________________-________

County Administrative Officer

APPENDIX A

CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF TULARE, CALIFORNIA

TABLE OF CONTENTS

FINANCIAL AND ECONOMIC INFORMATION

County Government

The County of Tulare, California (the "County") was incorporated in 1852 as a general law county pursuant to the established general laws of the State of California (the "State"). The eight incorporated cities in the County are: Dinuba, Exeter, Lindsay, Porterville, Farmersville, Tulare, Visalia, and Woodlake. The City of Visalia is the County seat.

The County covers approximately 4,839 square miles. The County is bordered on the north by Fresno County, to the east by Inyo County, to the south by Kern County and to the west by Kings County. The County seat is within a four hour drive of San Francisco, California and Los Angeles, California. The eastern half of the County is comprised primarily of public lands within the Sequoia and Kings Canyon National Parks, National Forest, and the Mineral King, Golden Trout, and Domelands Wilderness areas.

The County has a general law form of government. A five-member Board of Supervisors (the "County Board"), each member of which is elected for four-year terms in district nonpartisan elections, serves as the County's legislative body. Voters in the County also elect the County Assessor/Clerk-Recorder, Auditor-Controller/Treasurer-Tax Collector, District Attorney, and Sheriff-Coroner. The heads of the following departments of the County are appointed by the County Board and serve at the pleasure of the County Board: Health and Human Services Agency, Resource Management Agency, General Services Agency, Library, Public Defender, Workforce Investment Board, Child Support Services, County Fire, Information and Communications Technology, Registrar of Voters, Probation, Solid Waste, and Human Resources and Development. The County Counsel and Agricultural Commissioner/Sealer of Weights & Measurements serve the County pursuant to four-year appointments. The County Administrative Officer is appointed by the County Board and is responsible for the day-to-day administration of County affairs. The current County Administrative Officer is Michael C. Spata.

County Budget Process

The County is required by State law to adopt on or before October 2 of each year a final budget setting forth final expenditures, revenues and fund balances available so that appropriations during that fiscal year will not exceed available financing. The County Board approved the County's budget for Fiscal Year 2016-17 on September 20, 2016 (the "Fiscal Year 2016-17 Budget"). The County Board also approved the County's budget for Fiscal Year 2017-18 on September 19, 2017 (the "Fiscal Year 2017-18 Budget").

The County's budget process uses alternative dates in order to comply with Section 29000 et. seq. of the State's Government Code (the "County Budget Act"). The County Administrative Officer prepares a Recommended Budget (the "Recommended Budget") that is presented to the County Board. The County uses a schedule permitted by County Budget Act in order to make the budgetary process more efficient and prepare the Recommended Budget. The State Constitution requires the State Legislature to adopt a balanced budget for the forthcoming fiscal year by June 15 of each year. The State Constitution requires the Governor to approve such a budget by June 30 of each year. The County Administrative Officer Recommended Budget incorporates budgetary changes made by the State which affect County operations. As a result of these changes, the County uses a rollover budget from the prior fiscal year in order to continue County business until the budget hearings are held. The County Administrative Office must submit a balanced budget to the County Board each year which maintains a prudent approach with respect to government fiscal operations. After conducting public hearings and deliberating the details of the County's budget, the County Board adopts the County's Final Budget on or before October 2. The County Board adopted the County's budget for Fiscal Year 2017-18 on September 19, 2017.

Revenues for the County's General Fund (the "General Fund") are derived from various sources as property and sales taxes, licenses, permits, franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by the County Board.

To ensure that the budget remains in balance throughout the Fiscal Year, the County Administrative Officer monitors actual expenditures and revenue receipts half-way through the year. In the event of a projected year-end deficit, steps are taken, in accordance with the State Constitution, to reduce expenditures. On a semi-annual basis, the County Administrative Officer's staff prepares a Mid-Year Report that details the activity within each budget category and provides summary information on the status of the budget. Actions that are necessary to ensure a healthy and balanced budget at the end of the fiscal year are proposed to the County Board of Supervisors for approval. Other items which have major fiscal impacts are also reviewed monthly through an Ad Hoc Financial Committee.

The County also has implemented a number of financial policies (subject to modification by the County Board in its sole discretion), including the following:

- **Operating Budget:** The County targets an unrestricted fund balance and Appropriations for Contingencies at a level equivalent to a minimum of two months of actual regular General Fund operating expenditures or operating revenues. Any portion of fund balance designated as general reserves during the budget process is inaccessible until the next annual budget. The exception is that after adopting a resolution by 4/5 vote declaring an emergency at any regular or special meeting, the County Board may appropriate and make expenditures necessary to meet that emergency.

- **Capital Improvements:** Each year, the County's Capital Projects Division prepares and submits 3, 5, and 10-year capital improvement plans to the County Board for adoption. The County is committed to funding a large portion of capital expenditures as "Pay-As-You-Go." Any balances in the Capital Projects Fund are maintained in such fund until a need is identified.

- **Debt:** For General Fund lease obligations, the County has set the maximum limit on annual debt service payments (principal and interest) at 10% of total General Fund expenditures, unless the County Board determines that a higher limit is necessary to address compelling needs in any given year. Self-supporting debt is not included in this calculation. Long-term debt is not issued for current operational costs or for recurring uses. Revenue surpluses may be used to pay debt off early to save interest charges.

General Fund Financial Condition

Over the last several years the County has experienced consistent economic growth and consistent year-over-year growth in assessed valuation of property in the County. General Fund budgets have provided for growth in services while at the same time maintaining fiscal stability and implementing needed capital improvements for County infrastructure. The County has three Fund Balance categories available in the event that it experiences material declines in revenues or increases in expenses. These include Committed Fund Balance ($39.4 million as of June 30, 2017); Assigned Fund Balance ($15.4 million as of June 30, 2017); and Unassigned Fund Balance ($49.2 million as of June 30, 2017). The County also has a contingency of $5 million that is available by Board action.

Looking ahead to the decade of the 2020's, the County faces several significant financial challenges, including addressing the significantly increasing required contributions to Tulare County Employees' Retirement Association ("TCERA"). For example, the most recent actuarial report for TCERA includes several significant changes in actuarial assumptions including a reduction in the assumption relating to investment earnings from 7.6% to 7.25%, as well as changes in mortality assumptions for retired employees which collectively have resulted in significant increases in required annual contributions and the unfunded liability.

Additionally, the County is facing increased costs for detention facilities involving public safety approximately $5.5 million from Fiscal Years 2018-19 through 2022-23, increasing public safety and health and mental health care costs relating to criminal justice approximately $19-$25 million from Fiscal Years 2018-19 through 2022-23; Health and Human Service Agency budget impacts during the next five years within a range of approximately $10-20 million associated with In-Home Support Services, Affordable Care Act, and Realignment Funding; and necessary improvements to fire safety infrastructure and services approximately $22 million cumulatively from Fiscal Years 2018-19 through 2022-23. Moreover, there are potential increases in operational costs to various Zones of Benefit (aging water and wastewater systems) approaching $2 million. Working with federal, state, and local agencies, the County is in the process of formulating a financing plan that will address capital and operational costs for these Zones of Benefit.

Like other municipalities and counties, the County is also at risk for potential declines in the local economy and General Fund revenues which may result from any economic recessions which may occur, as the financial condition of the General Fund is closely tied to the overall local and national economies.

Accordingly, the County Board has created the Strategic Financing Plan Ad Hoc Committee which, for the past year, has reviewed and discussed extensively these fiscal challenges. In the Spring of this year, the Strategic Financing Plan Ad Hoc Committee is expected to consider a proactive Financing Action Plan that will be referred to the County Board for consideration and approval later this year.

County Budget for Fiscal Year 2016-17. The Fiscal Year 2016-17 Budget for the County's General Fund included expenditures of approximately $715 million and revenues and financing sources of approximately $683.4 million including approximately $31.6 million of fund balance available as of June 30, 2016. The Fiscal Year 2016-17 Budget was adjusted during the course of Fiscal Year 2016-17 to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal Year 2016-17 Budget. As a result, the Fiscal Year 2016-17 Budget finished the year appropriately within the Net County Cost adopted by the County Board. Additionally, consistent with past practice and budgetary results, carryover fund balance (i.e. revenues and fund balance over expenditures) was above the structural level necessary to end the fiscal year appropriately in preparation for the next fiscal year's budget.

County Budget for Fiscal Year 2017-18. The Fiscal Year 2017-18 County Budget for the County's General Fund included expenditures of approximately $752.8 million and revenues and financing sources of approximately $714.6 million including approximately $38.2 million of fund balance available as of June 30, 2017. The Fiscal Year 2017-18 County Budget has been adjusted during the course of Fiscal Year 2017-18 to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal Year 2017-18 County Budget.

The County Administrative Officer presented the County's Mid-Year Budget review for Fiscal Year 2017-18 (the "2017-18 Mid-Year Budget Review") to the County Board on March 20, 2018. The 2017-18 Mid-Year Budget Review reflected data through the first six months of Fiscal Year 2017-18. The County Administrative Officer reported that, as of December 31, 2017, the collection rate for General Fund revenues was approximately 37% of the budgeted amount, and expenditures were approximately 51% of the budgeted amount which was consistent with historical experience. The 2017-18 Mid-Year Budget Review projected that all of the County's General Fund agencies, departments, and offices will finish this fiscal year at or below their allocated budgeted amounts, except possibly for the District Attorney's Office due to potential expenses resulting from a major criminal investigation in progress which will be covered budgetarily by the General Fund if material expenses arise from the investigation and approximately $59,000 for water and wastewater infrastructure expenses.

Financial Statements

The following table sets forth the County's final adopted budgets for the General Fund for Fiscal Years 2013-14 through 2017-18

Table 1
COUNTY OF TULARE
GENERAL FUND ADOPTED ANNUAL BUDGETS
For Fiscal Years 2013-14 through 2017-18
(amounts expressed in thousands)

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18[2][3]
REVENUES					
Taxes and special assessments	$ 106,147	$ 111,838	$ 116,847	$ 118,092	$ 121,296
Licenses and permits	9,095	9,119	9,783	9,913	10,290
Fines, forfeitures, and penalties	4,942	4,310	4,442	4,306	4,395
Interest, rents, and concessions	1,210	1,126	949	1,387	3,220
Intergovernmental revenues	342,476	339,361	323,133	319,875	337,913
Charges for services	71,422	67,665	69,962	68,952	68,942
Other revenues	6,610	4,526	8,186	4,237	4,229
Total revenues	541,902	537,945	533,302	526,762	550,285
EXPENDITURES					
Current					
General government	36,100	44,374	44,977	53,083	63,425
Public protection	182,275	185,010	192,036	197,402	209,601
Public ways and facilities	--	--	--	87	110
Health and sanitation	159,854	151,865	162,250	158,418	166,822
Public assistance	247,307	246,675	258,189	260,199	270,096
Education	1,205	897	850	861	900
Culture and recreation	--	1,695	1,619	1,492	1,503
Debt service					
Interest and fiscal charges	250	300	45	160	--
Capital outlay	6,154	5,719	5,541	5,426	4,118
Total expenditures	633,145	636,535	665,507	677,128	716,575
Deficiency of revenues under expenditures	(91,243)	(98,590)	(132,205)	(150,366)	(166,290)
OTHER FINANCING SOURCES (USES)					
Sale of general capital assets	175	187	225	225	225
Transfer in	104,105	125,150	179,152	171,499	164,068
Transfers (out)	(32,703)	(39,210)	(73,322)	(56,251)	(34,267)
Total other financing sources (uses)	71,577	86,127	106,055	115,473	130,026
Net change in fund balances	(19,666)	(12,463)	(26,150)	(34,893)	(36,264)
Fund balances, July 1	96,485	111,706	127,616	146,511	168,206
Prior period adjustment	--	1,037[1]	--	--	--
Fund balances, July 1 (as restated)	96,485	112,743	127,616	--	--
Fund balances, June 30	$ 76,819	$ 100,280	$ 101,466	$ 111,618	$ 131,942

(1) Prior period adjustment reflects an adjustment of $1,037 for Mental Health Services revenue previously booked as an advance.
(2) Variances between the amounts shown in the County Adopted Budget Book and the County Comprehensive Annual Financial Report are due to differences in functional groupings.
(3) Unaudited
Sources: County of Tulare Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2013 through June 30, 2017, and County of Tulare, Auditor-Controller.

The following table sets forth the County's General Fund Revenues, Expenditures, and Changes in Fund Balances for fiscal years 2012-13 through 2016-17.

Table 2
COUNTY OF TULARE
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For Fiscal Years 2012-13 through 2016-17
(amounts expressed in thousands)

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
REVENUES					
Taxes and special assessments	$ 112,849	$ 116,371	$ 119,522	$ 127,792	$ 131,415
Licenses and permits	9,170	10,495	10,879	11,280	10,930
Fines, forfeitures, and penalties	7,633	6,655	7,388	6,405	5,535
Interest, rents, and concessions	1,073	3,703	3,085	5,931	1,928
Intergovernmental revenues	307,698	323,124	307,744	321,142	344,418
Charges for services	60,552	59,276	57,865	72,024	58,982
Other revenues	10,209	15,800	18,132	14,737	11,844
Total revenues	508,824	535,424	524,615	559,311	565,052
EXPENDITURES					
Current:					
General government	33,376	24,308	32,735	34,704	36,357
Public protection	156,201	168,787	171,098	179,711	183,840
Public ways and facilities	--	--	-	101	85
Health and sanitation	121,013	126,496	132,460	140,042	136,392
Public assistance	217,018	232,818	229,671	234,049	239,949
Education	1,009	1,109	793	812	689
Culture and recreation	--	--	1,616	1,571	1,658
Debt service					
Interest and fiscal charges	422	280	446	23	6
Capital outlay	3,719	5,545	5,918	5,454	8,553
Total expenditures	532,758	559,343	574,737	596,467	607,529
Deficiency of revenues under expenditures	(23,934)	(23,919)	(50,122)	(37,156)	(42,477)
OTHER FINANCING SOURCES (USES)					
Sale of general capital assets	208	239	275	250	216
Transfer in	62,153	70,714	98,841	88,261	99,526
Transfers (out)	(30,690)	(31,813)	(34,121)	(38,554)	(35,570)
Total other financing sources (uses)	31,671	39,140	64,995	49,957	64,172
Net change in fund balances	7,737	15,221	14,873	12,801	21,695
Fund balances, July 1	88,748	96,485	111,706	127,616	146,511
Prior period adjustment	--	--	1,037[(1)]	6,094[(2)]	--
Fund balances, July 1 (as restated)	88,748	96,485	112,743	133,710	--
Fund balances, June 30	$ 96,485	$ 111,706	$ 127,616	$ 146,511	$ 168,206

(1) Prior period adjustment reflects an adjustment of $1,037 for Mental Health Services revenue previously booked as an advance.

(2) Prior period adjustment reflects an adjustment of $6,094 from the General Liability Insurance Fund reserve to the General Fund due to an overfunded reserve.

Sources: County of Tulare Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2013 through June 30, 2017

The following table sets forth the County's General Fund Balance Sheets for fiscal years 2012-13 through 2016-17.

Table 3
COUNTY OF TULARE
GENERAL FUND BALANCE SHEETS
For Fiscal Years 2012-13 through 2016–17
(amounts expressed in thousands)

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
ASSETS					
Cash in banks	$ 87	$ 94	$ 123	$ 188	$ 275
Investment in treasury pool	217,167	168,340	211,287	240,571	252,183
Cash on hand	1	--	--	--	--
Imprest cash	98	76	76	76	71
Receivables, net:					
Accounts	1,983	3,754	3,526	3,755	4,315
Taxes	3,704	1,973	1,101	454	284
Due from other County funds	706	1,825	155	--	--
Due from other governments	37,947	27,363	17,275	19,283	18,731
Prepaid Items	3,244	395	1,672	1,849	2,805
Advances to other County funds	1,275	880	859	1,159	1,482
Notes receivable	--	--	332	--	4,000
Total assets	$ 266,212	$ 204,700	$ 236,406	$ 267,335	$ 284,146
LIABILITIES					
Accounts payable	$ 22,109	$ 23,840	$ 17,077	$ 20,392	$ 21,287
Due to other County funds	125	360	935	5,707	--
Due to other governments	27,030	17,493	32,248	37,465	44,653
Deposits from others	302	375	183	169	228
Salaries and benefits payables	8,271	9,449	11,669	13,854	6,104
Advances	--	30,072	38,492	37,247	38,564
Advances from other County funds	1,544	2,360	2,066	531	--
Tax and revenue anticipation notes payable	53,933	--	--	--	--
Total liabilities	113,314	83,949	102,670	115,365	110,836
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue – special assessments	56,413	9,045	6,120	5,459	5,104
Total deferred inflows of resources	56,413	9,045	6,120	5,459	5,104
FUND BALANCES					
Nonspendable	3,244	395	1,672	1,849	6,805
Restricted	28,863	34,147	37,189	45,270	52,072
Committed	1,668	880	15,430	14,524	39,359
Assigned	--	--	--	--	20,732
Unassigned	62,710	76,284	73,325	84,868	49,238
Total Fund Balances	96,485	111,706	127,616	146,511	168,206
Total liabilities, deferred inflows of resources, and fund balances	$ 266,212	$ 204,700	$ 236,406	$ 267,335	$ 284,146

Sources: County of Tulare Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2013 through June 30, 2017.

The County's fund balances follow Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (1) nonspendable fund balance – amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact; (2) restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other government, or (b) imposed by law through constitutional provisions or enabling legislation; (3) committed fund balance – amounts constrained to specific purposes determined by formal action of the County's highest level of decision-making authority (the County Board), and cannot be used for any other purpose unless removed in the same manner; (4) assigned fund balance – amounts that are constrained by the County's intent to be used for a specific purpose whereby the intent can be expressed by either the highest level of decision-making authority (the County Board) or by an official or body to which the County Board delegates the authority; and (5) unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the County's General Fund.

Major Revenues

The County derives its revenues from a variety of sources including aid from other governmental agencies; ad valorem property taxes, sales and use taxes; charges for services provided by the County; other miscellaneous sources; licenses, permits, and franchises issued by the County; and use of County property and money. The following table sets forth the revenue sources for the County's General Fund for the fiscal year ended June 30, 2017.

Table 4
COUNTY OF TULARE
ALLOCATION OF COUNTY GENERAL FUND REVENUES[(1)]
For the Fiscal Year Ended June 30, 2017

Intergovernmental revenues	60.95%
Taxes and special assessments	23.26
Charges for services	10.44
Other revenues	2.10
Licenses and permits	1.93
Fines, forfeitures, and penalties	0.98
Interest, rents, and concessions	0.34
Total	100.00%

(1) Unaudited.
Source: County of Tulare Auditor-Controller.

Intergovernmental Revenues

Intergovernmental revenues, mostly in the form of State and federal grants and subventions, is the County's largest revenue source. A large amount of this revenue source also comes from the State in the form of payment for services provided by the County for the State, including, among other things, services provided by the County under the State's realignment plan. From time to time, the State has realigned responsibility to the counties, including the County, for other programs and expenditures that were previously funded and operated by the State.

Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State. The County cannot predict what actions will be taken in the current year or future years by voters in the State, the State Legislature, and the Governor to address future State budget deficits or surpluses. Future State budgets will be affected by national and State economic conditions and other factors over which the County has no control. To the extent that the State budget process results in reduced revenues to the County, the County will be required to make adjustments to its budgets.

Ad Valorem Property Taxes

General. The County levies *ad valorem* property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition of changes in real property assessed valuation (known as a "floating lien date") and consequent changes in taxation. In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate assessment rolls. The secured roll includes property assessed by the State Board of Equalization (property owned by public utilities, canals and pipelines within two or more counties), real property owned by an assessee, and personal property owned by an assessee of real property and located on that real property or, at the taxpayer's request, located elsewhere if the assessor determines that the assessee's real property is adequate security for payment of the personal property taxes. The unsecured roll includes all taxable property that is not assessed on the secured roll. Typical unsecured roll assessments are for personal property not located on the assessee's land.

The tax rate is 1% of the full cash value of the taxable property. The assessor must reassess property upon a change in ownership or new construction. The assessor may increase the full cash value by no more than 2% each year to reflect inflation. The assessor may decrease the full cash value (a) to reflect reductions in the consumer price index or comparable local data for the area under taxing jurisdiction, (b) to reflect substantial damage, destruction or (c) other factors causing a decline in value. See "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Article XIII A" in the forepart of this Official Statement. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" change in assessed value (new construction, change of ownership, inflation) pro-rated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are a group of entities that share the taxes of the particular area.

In addition to property taxes and assessments of the County, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County. Property taxes on the secured roll are payable in two installments which are due on November 1 and February 1. If unpaid on November 1, such taxes become delinquent after 5:00 p.m. on December 10 and a 10% penalty is assessed. If unpaid after 5:00 p.m. on April 10 a 10% penalty attaches and a ten dollar ($10) cost is assessed. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30. Such property may thereafter be redeemed by payment of the taxes, delinquent penalties, costs, redemption penalties and a redemption fee. If taxes remain unpaid five years after the property becomes tax-defaulted, the Auditor-Controller/Treasurer-Tax Collector may sell the property at a tax sale. Before the sale, State law requires that the Auditor-Controller/Treasurer-Tax Collector send several notices to the affected taxpayer and publish such notices. This process requires approximately 120 days. The Auditor-Controller/Treasurer-Tax Collector conducts a tax sale once every year in June. The minimum bid for each property is the defaulted taxes, penalties, and costs. If the Auditor-Controller/Treasurer-Tax Collector receives no bids at the minimum bid amount, the County Board may authorize the Auditor-Controller/Treasurer-Tax Collector to offer the property for sale at the same or subsequent tax sale for less than defaulted taxes, penalties, and costs.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, after 5:00 p.m. or the close of business, whichever is later, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty begins to accrue on November 1. Property taxes that are added to the unsecured roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% after 5:00 p.m., or the close of business, whichever is later, on the last day of the month succeeding the month of enrollment. Ownership of property on the lien date of January 1 determines the obligation to pay taxes. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer in certain limited circumstances; (2) filing a certificate in the County Clerk-Recorder's Office specifying certain facts in order to obtain a judgment lien on property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Clerk-Recorder's Office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

As part of the fiscal year 1992-93 State budget resolution, the State required counties, cities and special districts to shift ad valorem property tax revenues to school districts by contributing to the State's Education Revenue Augmentation Fund ("ERAF") in lieu of direct payments by the State to school districts from the State's General Fund. This transfer is commonly referred to as the "ERAF" shift. The manner in which the shift of ad valorem property taxes has occurred has varied year by year. During the fiscal year ended June 30, 2017, after the shift of tax revenues from local agencies to the State's ERAF, tax collections are estimated to have been allocated approximately 18.3% to the County, 6.0% to cities, 5.9% to special districts, 10.7% to successor agencies to redevelopment agencies and 59.1% to school districts within the County. See "State of California Budget and Supplemental Financial Information – Fiscal Year 2015-16 Proposed State Budget" herein.

The following table sets forth the equalized roll assessed value of taxable property within the County for fiscal years 2006-07 through 2016-17.

Table 5
COUNTY OF TULARE
EQUALIZED ROLL ASSESSED VALUE OF TAXABLE PROPERTY(1)
For Fiscal Years 2006-07 through 2016-17
(amounts expressed in thousands)

Fiscal Year	Real Property Assessed Value(2)	Personal Property Assessed Value	Total Assessed Value
2006-07	$ 22,463,149	$ 1,142,461	$ 23,605,610
2007-08	25,190,040	1,522,742	26,712,782
2008-09	26,632,559	1,616,099	28,248,658
2009-10	26,317,008	1,692,118	28,009,126
2010-11	26,525,428	1,516,586	28,042,014
2011-12	26,377,210	1,596,844	27,974,054
2012-13	26,186,643	1,628,687	27,815,330
2013-14	27,022,893	1,655,360	28,678,253
2014-15	28,209,818	1,856,188	30,066,006
2015-16	29,892,545	1,885,794	31,778,339
2016-17	31,321,975	1,972,354	33,294,329

(1) Estimated.
(2) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2.0% or the Consumer Price Index (CPI) on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1.0% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal years ended June 30, 2007 and June 30, 2017.

The following table sets forth certain information regarding County property tax levies and collections, including taxes levied and collected on behalf of all taxing agencies in the County for fiscal years 2006-07 through 2016-17.

Table 6
COUNTY OF TULARE
SUMMARY OF PROPERTY TAX LEVIES AND COLLECTIONS
For Fiscal Years 2006-07 through 2016-17
(amounts expressed in thousands)

		Collections within Fiscal Year of Levy			Total Collections to Date	
Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy	Collections in Subsequent Years(1)	Amount Collected	Percentage of Levy
2006-07	$ 231,424	$ 221,428	95.68%	$ 5,616	$ 227,044	98.11%
2007-08	261,193	245,387	93.95	6,722	252,109	96.52
2008-09	279,176	260,262	93.23	11,208	271,470	97.24
2009-10	276,919	259,724	93.79	12,440	272,164	98.28
2010-11	275,625	258,384	93.74	9,766	268,150	97.29
2011-12	268,816	258,049	95.99	10,406	268,455	99.87
2012-13	261,866	251,629	96.09	11,133	262,762	100.34
2013-14	275,497	268,255	97.37	11,189	279,444	101.43
2014-15	289,784	281,415	97.11	10,624	292,039	100.78
2015-16	304,998	296,878	97.34	10,784	307,662	100.87
2016-17	316,810	308,417	97.35	7,048	315,465	99.58
Total	$ 3,042,108	$2,909,828		$ 106,936	$ 3,016,764	

(1) Collections in subsequent years represent monies collected for all previous years excluding the current fiscal year.
Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal years ended June 30, 2007 and June 30, 2017.

The following table sets forth the ten principal taxpayers in the County based on assessed valuation for the Fiscal Year Ended June 30, 2017. The ten principal taxpayers in the County collectively comprised approximately $2.29 billion, or 6.9%, of the County's fiscal year 2016-17 aggregate assessed valuation.

Table 7
COUNTY OF TULARE
PRINCIPAL TAXPAYERS BY ASSESSED VALUATION[(1)]
For the Fiscal Year Ended June 30, 2017
(amounts expressed in thousands)

Taxpayer[(2)]	Nature of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation[(3)]
Southern California Edison Company	Utility	$ 921,169	2.77%
Saputo Cheese USA, Inc.	Food Processor	252,895	0.76
California Dairies, Inc./Milk Producers	Food Processor	241,223	0.72
Land O' Lakes, Inc.	Food Processor	182,737	0.55
Wal-Mart Stores, Inc./ Retail Trust	Distribution	179,416	0.54
Southern California Gas Company	Utility	136,409	0.41
Ventura Coastal, LLC	Food Processor	113,372	0.34
Imperial Corporation	Distribution	92,660	0.28
Pacific Bell Telephone Company	Utility	86,768	0.26
Target Corporation	Distribution	82,261	0.25
Total		$ 2,288,910	6.88%

(1) Unaudited
(2) None of the taxpayers listed in this Table 7 are currently delinquent in the payment of property taxes, franchise taxes or other taxes due to the County.
(3) Percentage based on a total assessed valuation of property within the County of approximately $33.3 billion for fiscal year 2016-17.

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

Assessed Valuation

General. Proposition 8, which was passed in November 1978, amended Proposition 13 to allow assessed values to reflect declines in value. See "Constitutional and Statutory Limitations on Taxes and Appropriations" in the forepart of this Official Statement. As a result, the County Assessor may determine that a property's fair market value is less than the base year value plus inflationary adjustment and enroll a taxable value, as of January 1, at that lower amount. Property owners may initiate the Proposition 8 reduction process by filing a formal assessment appeal with the Clerk of the County Board or by making a less formal request of the Assessor to review the taxable value of their property. The Assessor may also initiate the Proposition 8 reduction process without a request from a property owner. Although the values of many properties may suffer a significant decline during a recession, not all such properties may qualify for a reduction under Proposition 8. The current fair market value of such properties must fall below their respective base year values plus inflationary adjustment before assessed values can be affected. If the fair market value of a property increases above its base year value plus inflationary adjustment, the Assessor will re-enroll the property at the value of its base year value plus inflationary adjustment.

Under Proposition 13, base year values may not be increased more than 2% per year. However, this 2% limitation applies only to increases in the base year value. Proposition 8 values are not considered base year values according to section 51 of the Revenue and Taxation Code, but are declines in value; thus, a property assessed under Proposition 8 is not restricted to the maximum 2% increase. As reflections of market value, Proposition 8 values may fluctuate in a manner consistent with market trends. When real estate values increase due to market conditions, the Assessor must assess properties to either their original base year values, adjusted for inflation up to 2%, or to their current market values, whichever is lower. This may result in increases to Proposition 8 values in excess of 2% from year to year. For example, in a situation where a property's value increased 10% since the prior fiscal year, but the value is still below the Proposition 13 adjusted base year value, the new increased Proposition 8 value will be enrolled.

In fiscal year 2017-18, there were 17,064 properties assessed at Proposition 8 reductions, the aggregate Proposition 8 value of these properties was $4,252,677,229 which can be compared to their aggregate Proposition 13 value of $6,636,244,658.

The following table sets forth the change in secured assessed value of property within the County based on Proposition 13 and Proposition 8 reductions for fiscal years 2010-11 through 2017-18.

Table 8
COUNTY OF TULARE
CHANGE IN SECURED ASSESSED VALUATION BY METHOD[(1)]
For Fiscal Years 2010-11 through 2017-18
(amounts expressed in thousands)

	Secured Assessed Value		Method of Secured Assessed Valuation					
			Proposition 13			Proposition 8 Reductions		
Fiscal Year	No. of Parcels	Amount	No. of parcels	Amount	% of Total	No. of Parcels	Amount	% of Total
2010-11	148,961	$ 26,511,446	110,665	$ 22,304,436	84%	38,296	$4,207,010	16%
2011-12	150,085	26,217,064	103,880	20,950,670	80	46,205	5,266,394	20
2012-13	150,648	26,084,752	98,488	19,097,057	73	52,160	6,987,695	27
2013-14	150,872	26,928,596	101,286	19,869,831	74	49,586	7,058,765	26
2014-15	151,104	28,226,470	115,444	22,099,519	78	35,660	6,126,951	22
2015-16	151,912	29,688,695	122,683	23,814,993	80	29,229	5,873,702	20
2016-17	153,607	30,951,147	131,590	26,047,542	84	22,017	4,903,605	16
2017-18	153,871	32,265,044	136,807	28,012,367	87	17,064	4,252,677	13

(1) Data is based on July 1 Assessor's statutory roll wherein the Proposition 8 and Proposition 13 attributes reside. Any difference in the assessed value presented in this Table 8 and in the County Auditor-Controller's equalized roll represents the changes and adjustments made by the County Assessor and/or County Auditor-Controller between the July 1 statutory roll and the County Auditor-Controller's equalized roll published in early September.

Source: County of Tulare, Assessor.

The following table shows certain information concerning the assessed values of single family homes in the County.

Table 9
COUNTY OF TULARE
PER PARCEL 2017-18 ASSESSED VALUATION OF SINGLE FAMILY HOMES

	No. of Parcels	2017-18 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	100,719	$16,416,692,284	$162,995	$140,052

2017-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	2,595	2.576%	2.576%	$ 42,129,895	0.257%	0.257%
$25,000 - $49,999	6,697	6.649	9.226	260,358,160	1.586	1.843
$50,000 - $74,999	9,273	9.207	18.432	583,911,168	3.557	5.399
$75,000 - $99,999	11,440	11.358	29.791	1,006,526,015	6.131	11.530
$100,000 - $124,999	12,914	12.822	42.613	1,454,645,008	8.861	20.391
$125,000 - $149,999	11,818	11.734	54.346	1,620,871,987	9.873	30.265
$150,000 - $174,999	10,091	10.019	64.365	1,634,003,110	9.953	40.218
$175,000 - $199,999	8,816	8.753	73.118	1,646,199,489	10.028	50.245
$200,000 - $224,999	6,364	6.319	79.437	1,349,770,381	8.222	58.467
$225,000 - $249,999	4,780	4.746	84.183	1,133,043,779	6.902	65.369
$250,000 - $274,999	3,849	3.822	88.004	1,007,451,758	6.137	71.506
$275,000 - $299,999	2,936	2.915	90.919	840,766,556	5.121	76.627
$300,000 - $324,999	2,232	2.216	93.135	695,073,017	4.234	80.861
$325,000 - $349,999	1,490	1.479	94.615	502,067,360	3.058	83.920
$350,000 - $374,999	1,085	1.077	95.692	392,292,348	2.390	86.309
$375,000 - $399,999	915	0.908	96.600	353,966,055	2.156	88.465
$400,000 - $424,999	730	0.725	97.325	300,271,170	1.829	90.294
$425,000 - $449,999	480	0.477	97.802	209,680,629	1.277	91.572
$450,000 - $474,999	380	0.377	98.179	175,213,615	1.067	92.639
$475,000 - $499,999	284	0.282	98.461	138,174,114	0.842	93.481
$500,000 and greater	1,550	1.539	100.000	1,070,276,670	6.519	100.000
Total	100,719	100.000%		$16,416,692,284	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: CalMuni

Tax Revenues

Revenues from property taxes, sales taxes, and other taxes represent the largest source of non-program revenues for the County. The following table illustrates all General Fund tax revenues the County received (presented using modified accrual basis of accounting).

Table 10
Total General Fund Tax Revenues

Taxes	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Budgeted 2017-18
Property tax					
Sales and use taxes					
Transient tax					
Documentary					
Total					

Expenditures

The County's major expenditures are public assistance (projected to be 49.1% of General Fund revenues in Fiscal Year 2017-18) and public protection (projected to be 38.1% of General Fund revenues in Fiscal Year 2017-18).

Employees and Labor Relations

The following table sets forth the number of Full Time Equivalent ("FTE") employees of the County for Fiscal Year 2013-14 through 2017-18.

Table 11
COUNTY OF TULARE
EMPLOYMENT[(1)(2)]
Fiscal Years 2013-14 through 2017-18

Fiscal Year	Number of Employees
2013-14	4,797
2014-15	4,776
2015-16	4,848
2016-17	4,944
2017-18	5,003

(1) Represents FTE employees as of June 30 of such fiscal year for Fiscal Years 2013-14 through 2017-18.
(2) Excludes temporary or seasonal employees.
Source: Tulare County Human Resources and Development Department.

The County currently has 15 recognized bargaining units representing its employees, including the five bargaining units which are components of Local 521 of the Service Employees International Union ("SEIU Local 521"). SEIU Local 521 and the Tulare County Deputy Sheriff's Association are the largest bargaining units in the County. The following table sets forth the expiration dates of the respective memoranda of understanding of the County's recognized bargaining units and the number of employees in each bargaining unit as of May 1, 2018.

Table 12
COUNTY OF TULARE
BARGAINING UNITS AND CONTRACT EXPIRATION DATES
As of May 1, 2018

Unit Number	Labor Organization	Employees	Contract Expiration Date
1	Service Employees International Union Local 521 - Clerical and Related	550	June 30, 2019
2	Service Employees International Union Local 521 – Crafts/Trades	235	June 30, 2019
3	Service Employees International Union Local 521 - Technical & Vocational	421	June 30, 2019
4	Service Employees International Union Local 521 - Social Services	908	June 30, 2019
6	Service Employees International Union Local 521 - Health Services	187	June 30, 2019
7	Service Employees International Union Local 521 - Supervisors & Staff Management	442	June 30, 2019
8	Government - Lawyers Association of Workers	78	June 30, 2019
12	Tulare County Corrections Association	200	June 30, 2019
13	Tulare County Deputy Sheriff's Association - Deputy Sheriffs	428	June 30, 2019
14	Professional Law Enforcement Manager's Association	27	June 30, 2019
15	Tulare County Deputy Sheriff's Association - Sheriff's Sergeants	72	June 30, 2019
16	Professional Association of Tulare County Physicians	6	June 30, 2019
22	Tulare County District Attorney Investigators Association	33	June 30, 2019
23	Tulare County Professional Firefighter's Association	71	June 30, 2019

Source: County of Tulare.

In February 2012, SEIU Local 521 filed with the Public Employment Relations Board (the "PERB") a matter entitled Service Employees International Union, Local 521 v. County of Tulare, PERB Matter No.: SA-CE-782-M, alleging the County engaged in an unfair labor practice (the "Unfair Labor Practice Charge"). SEIU contends that the County violated Section 3502, 3503 and 3505.7 of the State's Government Code and Regulations 32603(a), 32603(b) and 32603(c) of the PERB. SEIU alleges that the County did not comply with its contractual obligation to reactivate the promotions for flexibly-allocated classifications and merit steps pursuant to the terms of the memorandum of understanding by and between the County and SEIU which expired on July 31, 2011. In May 2012, SEIU Local 521 filed a complaint concerning the same allegations in the Superior Court of the County of Tulare in a case entitled Service Employees International Union, Local 521 v. County of Tulare, Tulare County Superior Court No. 24694. In February 2015, the PERB ruled that the County had violated its contractual obligations under the memorandum of understanding with respect to promotions and merit pay increases for employees. Accordingly, the PERB held that the provisions contained in the memorandum of understanding to restore employees to the County's preexisting promotion and pay schedule survived the expiration of the memorandum of understanding on July 31, 2011 and that the parties thereto must be made whole under such provisions. The matter before the Superior Court was stayed pending the decision of the PERB. The Parties have settled the matter, the PERB has adopted the conciliation (settlement) agreement, and payment has been made to the affected employees. As a result, the civil case was withdrawn. The total value of the settlement, including attorney's fees paid to SEIU, was $4.37 million, which was paid by the County in Fiscal Year 2016-17.

Defined Benefit Retirement Program

General. The following information concerning the Tulare County Employees' Retirement Association ("TCERA") has been excerpted from publicly available sources which the County believes to be accurate, or otherwise obtained from TCERA. TCERA's assets will not secure or be available to pay principal of or interest on the Series 2018 Bonds or on any obligations of the County or any other member agency. TCERA issues publicly available reports, including its financial statements, required supplementary information, and actuarial valuations for the herein described defined benefit retirement program (the "System"). The reports are available on TCERA's website: http://www.tcera.org/. Information on such site is not incorporated herein by reference.

TCERA was established on July 1, 1945 under the provisions of the County Employees' Retirement Law of 1937, as amended (the "Retirement Law (1937 Act)"). TCERA operates as a multiple-employer defined pension benefit plan and provides retirement, disability, and death benefits for qualified employees of the member agencies thereof. The County, the Superior Court of Tulare County and the Strathmore Public Utility District (collectively, the "Member Agencies") comprise the member agencies of TCERA. TCERA was integrated with Social Security in 1956. TCERA is considered a component unit of the County in the County's audited financial statements. Appendix B – "County of Tulare Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017" attached to this Official Statement. However, TCERA is administrated by an eleven-member Board of Retirement (the "Board of Retirement"). The Board of Retirement consists of the Auditor-Controller/Treasurer-Tax Collector, two active members of TCERA elected by the General members, two active members of TCERA elected by the Safety members, two retired members of TCERA elected by the retired members, four members appointed by the County Board who are qualified electors of the County but are not connected with County government in any capacity except that one member may be a County Supervisor. Pursuant to the State Constitution, the members of the Board of Retirement are to discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. The Board of Retirement's duty to its participants and their beneficiaries is granted precedence over any other duty, including any duty to the County.

Information regarding TCERA was obtained from TCERA's Actuarial Valuation Report as of June 30, 2017 (the "2017 Actuarial Valuation") prepared by Cheiron (the "Actuarial Consultant"), TCERA's Report on the Supplemental Retiree Benefit Reserve dated March 20, 2012 (the "2012 Supplemental Benefit Valuation") prepared by the Actuarial Consultant, TCERA's Comprehensive Annual Financial Report for the Fiscal Years ended June 30, 2017 and June 30, 2016 (the "2017 and 2016 TCERA CAFR"), and the Information Required Under Governmental Accounting Standards Board Statements No. 67/68 as of June 30, 2017 prepared by the Actuarial Consultant which reports are the most recent analysis of plan experience, actuarial valuation, comprehensive annual financial report and valuation under Governmental Accounting Standards Board Statement ("GASB") 68, respectively, available as of the date of this Official Statement. Such reports have not been updated since their respective dates.

The information contained in this section "- Defined Benefit Retirement Program," relies on information produced by the pension plans described herein, independent accountants, and TCERA's Actuarial Consultant. The actuarial assessments summarized herein and in the reports of TCERA referenced herein contain "forward looking" information that reflects the judgment of TCERA and the pension plans and their independent accountants and actuaries. The actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the pension plans. The authority for establishing or amending benefits for employees of the County resides with the County Board, subject to the provisions of State law and applicable section of the United States Internal Revenue Code. Actuarial report, annual financial reports, and other information concerning TCERA can be found on TCERA's website at https://tcera.org/investment-financial/.

Membership. The covered payroll for employees covered by TCERA for the Fiscal Year ended June 30, 2017 was $254.9 million. All officers and regular employees of the Member Agencies and any other outside district that may join TCERA, whose classification employs them for at least forty regularly scheduled hours of each eighty hour pay period are enrolled for membership in TCERA. The County Board has approved four retirement tiers for employees of Member Agencies. All members joining TCERA employed on or before December 31, 1979 are in a retirement tier known as the Tier 1 retirement benefit ("Tier 1"). TCERA calculates benefits for Tier 1 members using the highest one-year salary. Tier 1 members receive a maximum of 3% cost-of-living adjustments annually after retirement. The Tier 2 retirement benefit ("Tier 2") includes all members who have a plan membership date from January 1, 1980 through December 31, 1989. TCERA calculates benefits for Tier 2 members using the highest average three-year salary. Tier 2 members receive a maximum of 2% cost-of-living adjustments annually after retirement. The third retirement tier ("Tier 3") includes all members who have a membership date from January 1, 1990 through December 31, 2012. TCERA calculates benefits for Tier 3 members using the highest average three-year salary. Tier 3 members receive a maximum of 2% cost of living adjustments annually after retirement.

In response to the enactment of the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), in January 2013, the County Board adopted a fourth retirement tier ("Tier 4") which is mandatory for new employees of the County who joined TCERA on or after January 1, 2013 who do not have reciprocity with another public employee retiree system. Tier 4 benefits are calculated in accordance with PEPRA using a formula calculated from thirty-six consecutive month final average compensation. Tier 4 members receive a maximum of 2% cost of living adjustments annually after retirement. See "– California Public Employees' Pension Retirement Act of 2013" herein.

The following table sets forth TCERA's membership as of June 30, 2017. As used in this section, "- Defined Benefit Retirement Program", the term "employees" refers to the portion of employees of the Member Agencies who are members of TCERA.

Table 13
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MEMBERSHIP AS OF JUNE 30, 2017

Active Plan Members (vested/non-vested)	
Tier 1 – General	19
Tier 1 – Safety	2
Tier 2 and Tier 3 – General	2,288
Tier 2 and Tier 3 – Safety	658
Tier 4 – General	1,353
Tier 4 – Safety	216
Total Active Plan Members	4,536
Inactive Participants (vested/non-vested)	
General	1,686
Safety	268
Total Inactive Participants (vested/non-vested)	1,954
Retirees and beneficiaries receiving benefits:	
Service Retirees	2,323
Disability Retirees	325
Survivors/Beneficiaries	424
Total Retirees and Beneficiaries Receiving Benefits	3,072
Total Membership	9,562
Number of Participating Employers[(1)]	3

(1) The current Member Agencies are the County, the Strathmore Public Utility District, and the Tulare County Superior Court.

Source: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2017.

During Fiscal Year 2016-17, 4,302 employees of the County were active members of TCERA, representing approximately 94.8% of total active members of TCERA. The following table sets forth the members of TCERA as of June 30 in the Fiscal Years ended June 30, 2013 through June 30, 2017.

Table 14
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
MEMBER POPULATION
Fiscal Years 2012-13 through 2016-17

Year Ended June 30	Active Participants	Inactive Participants[(1)]	Retirees/Survivors and Beneficiaries	Total Participants
2013	4,383	1,858	2,542	8,783
2014	4,414	1,873	2,691	8,978
2015	4,405	1,767	2,821	8,993
2016	4,496	1,851	2,940	9,287
2017	4,536	1,954	3,072	9,562

(1) Includes terminated members due a refund of member contributions.
Sources: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017.

Significant Accounting Policies. TCERA is governed by the Board of Retirement and is considered an independent entity. TCERA is a component unit of the County, and the County reports such component unit as a Pension Trust Fund in the County's financial reports in accordance with GASB Statement No. 14. TCERA follows GASB accounting principles and reporting guidelines, and financial statements are prepared using the accrual basis of accounting. Member contributions to the System are recognized in the period in which the contributions are due. Employer contributions to the System are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Investments are reported at fair value and are currently invested in a diversified portfolio following an asset allocation model adopted by the Board of Retirement. Investments that do not have an established market are reported at estimated fair value. The Board of Retirement has exclusive control over all investments of TCERA and is responsible for establishing investment objectives, strategies, and policies. Since Fiscal Year ending June 30, 2014, TCERA has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. See "- Investment Policy of TCERA" herein.

Retirement Contributions. TCERA's Actuarial Consultant determines the actuarial accrued liability (the "AAL") and the unfunded actuarial accrued liability ("UAAL") for the entire System. The AAL is a standard disclosure measure of the present value of pension benefits to a certain date (i.e., the "as of date" of the valuation), based on actuarial assumptions. See "- Actuarial Assumptions" herein. Information regarding the AAL and the UAAL is analyzed by the TCERA's Actuarial Consultant in order to determine the annual required contributions (the "ARC") from employers and employees. In addition, TCERA and the Member Agencies use information regarding the AAL and UAAL to assess TCERA's funding status, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other public employee retirement systems.

The Retirement Law (1937 Act) requires TCERA to apply the County's contributions to its obligations under the System first, to satisfy the County's current fiscal year liabilities, as determined by TCERA's Actuarial Consultant, because of members' service during such fiscal year, which is commonly known as the "normal cost" and service disability pensions, second, to pay for County contributions for death benefits, and third, to satisfy the UAAL.

Pursuant to the by-laws of TCERA, member contributions are based upon annual tables adopted by the Board of Retirement. Deductions for contributions are made from each payroll warrant in accordance with the compensation earnable during the pay period. However, if the amount of the warrant is insufficient to take the entire normal contribution, no contribution is taken and no service credit is awarded. Members are not allowed to make contributions in addition to their normal contributions.

Unfunded Actuarial Accrued Liability and Unrecognized Gains/Losses as of June 30, 2017. In its 2017 Actuarial Valuation, TCERA's Actuarial Consultant determined that the UAAL (market value basis) increased to approximately $411.3 million as of June 30, 2017 from approximately $376.3 million as of June 30, 2016. See "– Historical Funding Progress" herein. TCERA's Actuarial Consultant estimated that the amount of unrecognized losses from investments in TCERA's investment portfolio for the year ended June 30, 2017 totaled approximately $66.6 million which amount will be recognized by TCERA on a rolling 10-year basis with 70%-130% around the market value in accordance with current policies of the Board of Retirement.

Actuarial Assumptions. The Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after retirement, disability and other factors. This experience study is done once every three years. The most recent experience study was the 2017 Experience Study completed for the 2017 Actuarial Valuation. In addition, the Actuarial Consultant considers certain economic factors assumptions in determining the assumptions to be used in calculating funding ratios. The actuarial assumptions have a significant impact on the determination of the ratio of assets of TCERA that are set aside to pay plan benefits by TCERA. The 2017 Actuarial Report includes several significant changes in actuarial assumptions including a reduction in the assumption relating to investment earnings from 7.60% to 7.25% as well as changes in mortality assumptions for retired employees which collectively resulted in significant increases in required annual contributions and unfunded liability.

Notwithstanding the actuarial assumptions included in the 2017 Actuarial Valuation or recommended by the 2017 Experience Study, the Board of Retirement may approve the use of different assumptions to calculate the Annual Pension Cost and ARC based upon any action approved by member agencies. In the event a member agency approves any action such as, among other things, salary or staff reductions, such member agency's Annual Pension Cost and ARC may differ from the amounts projected in the 2017 Actuarial Valuation based on the aforementioned assumptions. However, there are no current legal or contractual maximum contribution rates applicable to the System.

The following table sets forth certain economic actuarial assumptions for the years ended June 30, 2013 through June 30, 2017.

Table 15
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL ASSUMPTIONS
Fiscal Years Ended June 30, 2013 through June 30, 2017

Actuarial Assumption	2013	2014	2015	2016	2017
Interest	7.90%	7.70%	7.65%	7.60%	7.25%
Inflation	4.00	3.00	3.00	3.00	3.00
Employee Account Interest Credit Rate	7.90	7.70	7.65	7.60	7.25

Sources: Tulare County Employees' Retirement Association Actuarial Valuation Reports as of June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017.

In March 2018, TCERA's investment advisor presented a report to the TCERA Board in which it stated that it believed that TCERA's current asset allocation policy provides an expected return of 5.6% over the next ten years, which is significantly less than the actuarial assumption of 7.25%. In the event that actual returns are below actuarial assumptions, TCERA's unfunded liability and required contributions of the County and other members of TCERA will significantly increase.

Historical Funding Progress. The following table sets forth the schedule of funding progress of the County's AAL as of June 30 of Fiscal Years 2007-08 through 2016-17. Funding progress is measured by a comparison of System assets which have been set aside by TCERA to pay plan benefits with plan liabilities. The ARC to be contributed by the County and other Member Agencies is determined by the Actuarial Consultant. See "- Retirement Contributions" and "- Annual Pension Cost of the County" herein.

Table 16
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS
Fiscal Year ended June 30, 2008 through June 30, 2017
(amounts expressed in thousands)

Actuarial Valuation Date (June 30)	Actuarial Value of Assets (a)	AAL Entry Age (b)	Unfunded (Overfunded) AAL (b-a)	Funded Ratio (Actuarial Value Basis) (a/b)	Covered Payroll (c)	Unfunded (Overfunded) AAL as a Percentage of Covered Payroll (b-a/c)
2008	$879,051	$946,414	$67,363	92.9%	$226,836	29.7%
2009	919,179	996,747	77,568	92.2	227,306	34.1
2010	946,640	1,033,211	86,571	91.6	217,811	39.7
2011	969,681	1,072,144	102,463	90.4	219,854	46.6
2012	981,946	1,101,456	119,510	89.1	222,635	53.7
2013	1,048,160	1,186,057	137,897	88.4	230,955	59.7
2014	1,101,929	1,271,832	169,903	86.6	234,569	72.4
2015	1,156,587	1,358,435	201,848	85.1	239,055	84.4
2016	1,192,642	1,431,436	238,794	83.3	248,514	96.1
2017	1,228,655	1,573,406	344,751	78.1	254,941	135.2

Source: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2017.

The Actuarial Consultant provides TCERA with calculations of assets based on the market value and the actuarial value. The actuarial value of assets reflects the market value of assets plus/less any unrecognized losses or gains and adjusts such value based on TCERA's current 10-year smoothing policy. The following table sets forth an asset comparison of the actuarial value and market value for the valuation dates ended June 30, 2013 through June 30, 2017.

Table 17
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ASSET VALUE COMPARISON
For the Fiscal Years Ended June 30, 2014 through June 30, 2017
(amounts expressed in thousands)

Actuarial Valuation Date (June 30)	Actuarial Value of Assets(1)	Market Value of Assets(1)	Funded Ratio (Market Value Basis)
2014	$1,101,929	$1,109,333	87.2%
2015	1,156,587	1,101,172	81.1
2016	1,192,642	1,055,147	73.7
2017	1,228,655	1,162,022	73.9

(1) Excludes Supplemental Retiree Benefit Reserve.
Sources: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017.

Annual Pension Cost of the County. Statement No. 27 of the Governmental Standards Accounting Board ("GASB 27") establishes standards for the measurement, recognition, and display of pension expenditures and expenses and related liabilities, assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The System is a defined benefit and cost-sharing, multiple employer plan. Pursuant to GASB 27, employers that participate in cost-sharing multiple employer defined benefit pension plans are required to recognize pension expenditures and expenses equal to the employer's contractually required contributions and a liability for unpaid contributions. GASB 27 recommends that recognition be on the modified accrual or accrual basis depending on the fund type or type entity.

On June 25, 2012, GASB approved Statement No. 67, "Financial Reporting for Pension Plans" ("GASB 67") which replaces GASB Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" for plan reporting and GASB Statement No. 68 ("GASB 68"), "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27," which replaces GASB 27 for employer reporting. GASB 67 and GASB 68 are designed to, among other things, improve financial reporting by state and local governmental pension plans. Commencing in Fiscal Year 2015-16, GASB 68 superseded the requirements GASB 27 as it relates to pensions that are provided through pension plans administered as trusts or equivalent arrangements. The following table sets forth the County's net pension liability computed in accordance with GASB 68 for the Fiscal Year ended June 30, 2017.

Table 18
COUNTY OF TULARE
NET PENSION LIABILITY[(1)]
Fiscal Years Ended June 30, 2016 and June 30, 2017
(amounts expressed in thousands)

	Fiscal Year 2015-16	**Fiscal Year 2016-17**
Total Pension Liability	$1,584,510,200	$1,745,959,304
Plan Fiduciary Net Position	1,165,127,334	1,270,225,778
Net Pension Liability[(1)]	$419,382,866	$475,733,526
Proportion of Net Pension Liability		
Plan Fiduciary Net Position as % of Total Pension Liability	73.53%	72.75%
Covered Payroll	238,558,790	243,366,102
Net Pension Liability as % of Covered Payroll[(2)]	175.80%	195.48%
Employer Contributions	$31,297,240	$33,615,885

Source: Tulare County Employees' Retirement Association GASB 67/68 Valuation as of June 30, 2017.

County Contributions. The following table summarizes the County's contributions to its defined-benefit pension plans.

Table 19
COUNTY OF TULARE
ANNUAL CONTRIBUTION TO RETIREMENT PLANS
For Fiscal Years 2009-10 through 2016-17
(amount expressed in thousands)

Fiscal Year	Total Employer Contribution(1)	Total Employer-Paid Employee Contribution(2)	Total Contribution
2009-10	$25,339	$18,331	$43,670
2010-11	23,434	17,799	41,233
2011-12	25,257	16,471	41,728
2012-13	29,847	18,430	48,277
2013-14	25,953	18,969	44,922
2014-15	30,992	18,887	49,879
2015-16	31,297	16,815	48,112
2016-17	33,616	18,190	51,806

Source: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013, June 30, 2014, June 30, 2015, June 30, 2016, and June 30, 2017.

As described herein, for a variety of reasons, including changes in actuarial assumptions as well as a significant unfunded liability, the County's total retirement cost (including required contributions to TCERA as well as debt service payments with respect to the Bonds) are expected to increase significantly. Pro forma analyses prepared by County consultants indicates such increases could be as high as 50% over the next decade, assuming all actuarial assumptions are achieved. The actual amount of the County's total payments will depend on a variety of factors, including actual investment performance, changes in actuarial assumptions, experience (including mortality experience), and changes in benefits. There can be no assurances that actual increases will not exceed the pro forma results.

Investment Return. The following table sets forth the total return on investments in the portfolio for the fiscal years ended June 30, 2013 through June 30, 2017 based on the market value and actuarial value of assets.

Table 20
TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS
For Fiscal Years 2007-08 through 2016-17

Year Ended June 30	Annualized Rates of Return (Market Value)	Annualized Rates of Return (Actuarial Value)
2008	(7.8)%	10.1%
2009	(20.8)%	5.1%
2010	10.3%	3.6%
2011	21.8%	3.8%
2012	(1.3)%	3.1%
2013	11.1%	4.6%
2014	16.7%	6.8%
2015	0.7%	6.1%
2016	(1.9)%	4.7%
2017	11.3%	4.6%

Sources: Tulare County Employees' Retirement Association Actuarial Valuation Report as of June 30, 2017.

Service Retirement Benefit. Service retirement benefits partially vest at five years of service. Full vesting of service retirement benefits requires ten years of service and a minimum age of 50 (five years of service and age 52 for general tier 4 members; five years of service and age 50 for safety tier 4 members) in order to receive a lifetime monthly retirement benefit. Other than tier 4, members with 30 years of service (20 years for safety), regardless of age, are eligible for retirement benefits, as are members who reach age 70, regardless of years of service. The benefit is a percentage of monthly final average salary per year of service, depending on age at retirement. Effective January 1, 1999, the Board of Retirement changed the criteria for payment of the service retirement benefits. This benefit was only paid to those who actually worked under TCERA for a minimum of 10 years.

Supplemental Retirement Benefit. The County has adopted certain provisions of State law which provide for the supplemental benefits to eligible retirees. The supplemental benefits are paid from the Supplemental Retiree Benefit Reserve ("SRBR"), which is funded from a portion of TCERA actuarial investment gains (after taking into account smoothing) in excess of actuarially assumed amounts. Transfers to the SRBR result in a slower reduction in the UAAL of TCERA than would be the case if the transfers to the SRBR were not made. Actual amounts paid to eligible retirees vary depending upon completed years with TCERA. Tier 4 members are not eligible for supplemental benefits. The supplemental benefit is adjusted from time to time by the County Board. Total payments to retirees from the SRBR were approximately $__ million in Fiscal Year 2016-17.

California Public Employees' Pension Reform Act of 2013. In September 2012, the Governor approved Assembly Bill 340, PEPRA specified that certain provisions of the Retirement Law (1937 Act) do not apply to members who are subject to PEPRA because they were first employed on or after January 1, 2013. As of January 1, 2013, PEPRA applies to all State and local public retirement systems and their participating employers, including TCERA and the County, respectively, except the University of California and those charter cities and counties whose retirement systems are not governed by State statute. In September 2013, the Governor approved Assembly Bill 1380 (2013), which amended various provisions of the Retirement Law (1937 Act) to coordinate and subordinate that law with PEPRA.

Among other things, PEPRA establishes new retirement formulas for new members of TCERA on or after January 1, 2013 ("PEPRA Members") and prohibits public employers from offering defined benefit formulas to PEPRA Members that exceed the benefits authorizes under PEPRA. See "– Retirement Tiers" herein. In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits ("Pensionable Compensation") for PEPRA Members. PEPRA increases the retirement age for new State, school, city, and local agency employees depending on job function and limits the annual PERS and STRS pension benefit payouts. However, PEPRA is applicable to those entities which contract with CalPERS. Further, PEPRA mandates equal sharing of normal costs between the County and PEPRA Members employed thereby and that PEPRA members pay at least 50% of normal costs and that employers not pay any of the required employee contribution for PEPRA Members.

Other Post-Employment Benefits

The County's post-employment benefit plan is an agent multiple-employer plan. The County allows retirees who participate in the County administered medical plan and retire directly from active service under TCERA to continue to participate in the County administered medical plan at the retirees' expense. The same premiums are charged to both active employees and retirees. Although the County does not pay for or directly subsidize retirees medical plan premiums, allowing retirees to participate in the same plan at the same premium rate results in an "implied subsidy." The County includes the "implied subsidy" on its government-wide statements in order to comply with accounting standards, including, among other things GASB 45 (defined herein). GASB Statement No. 43, Financial Reporting for Post-employment Benefits Plans Other Than Pension Plans ("GASB 43"), establishes financial reporting standards for OPEB in a manner similar to those currently in effect for pension benefits. GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions ("GASB 45"), establishes financial reporting standards designed to measure, recognize and disclose OPEB costs. GASB 45 requires substantially different financial accounting of OPEB, or any post-employment benefits that are provided separately from a pension plan, such as post-employment healthcare. Under GASB No. 45, the value of the implied subsidy must be included in the employer's ARC and AAL to the extent that the employer pays at least that amount in active employee premiums.

Information regarding the County's other post-employment benefits was obtained from the County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2016 and the County's Actuarial Valuation as of June 30, 2016 (the "2016 OPEB Actuarial Valuation"). GASB 45 requires an actuarial valuation at least biennially for OPEB plans with a total membership of 200 or more. The County expects to request an actuarial valuation of its OPEB Plan for the Fiscal Year ended June 30, 2018.

The 2016 OPEB Actuarial Valuation used the entry age normal actuarial cost method. The primary actuarial assumptions included in the 2016 OPEB Actuarial Valuation included a 3.75% discount, an annual healthcare cost trend of 7.50% through 2019 with declines in subsequent years, an inflation assumption of 2.75% and aggregate payroll assumed to increase 3.00%. The AAL is the cumulative value of the projected benefits. The UAAL is amortized over 30 years as a level percent of payroll on a closed basis, of which 20 years remained as of 2016 OPEB Actuarial Valuation. As of June 30, 2016, the present value of projected benefits relating to the County's OPEB Plan was approximately $11.96 million. The following table sets forth the UAAL of the County's OPEB Plan as of June 30, 2016.

Table 21
COUNTY OF TULARE
UNFUNDED ACTUARIAL ACCRUED LIABILITY OF OPEB PLAN
Fiscal Years Ended June 30, 2014 and June 30, 2016
(amounts expressed in thousands)

Actuarial Valuation Date (June 30)	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	$ 4,350	$ -	$ 4,350	0.00%	$ 205,198	2.12%
2016	11,965	-	11,965	0.00	222,017	5.39

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

The following table sets forth the schedule of funding progress of the County's OPEB Plan as of the most recent actuarial valuation dates of June 30, 2006, June 30, 2008, June 30, 2010, June 30, 2012, June 30, 2014, and June 30, 2016. Although the County does not explicitly subsidize retirees' medical plan premiums, it does implicitly subsidize a portion of retirees' benefits because pre-Medicare retirees are charged the same premiums as employees. Under GASB 45, the value of this implied subsidy must be included in the employer's Annual Required Contribution (ARC) and Actuarial Accrued Liability ("AAL") calculations to the extent that the employer pays at least the yearly implied subsidy in employee premiums.

Table 22
COUNTY OF TULARE
OPEB PLAN SCHEDULE OF FUNDING PROGRESS
As of June 30, 2006, June 30, 2008, June 30, 2010, June 30, 2012, June 30, 2014, and June 30, 2016
(amounts expressed in thousands)

Actuarial Valuation Date (June 30)	Actuarial Valuation of Assets (A)	AAL Entry Age (B)	UAAL (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B-A)/C
2006	$ --	$ 13,744	$ 13,744	0.00%	$ 194,399	7.07%
2008	--	12,411	12,411	0.00	214,673	5.78
2010	--	12,596	12,596	0.00	205,008	6.14
2012	--	25,597	25,597	0.00	204,009	12.55
2014	--	4,350	4,350	0.00	205,198	2.12
2016	--	11,965	11,965	0.00	222,017	5.39

Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 and 2017 OPEB Actuarial Valuation (County of Tulare Retiree Healthcare Plan).

The County of Tulare Retiree Healthcare Plan Actuarial Valuation as of June 30, 2016 recommended an Annual Required Contribution ("ARC") of $2,540,000 for Fiscal Year 2016-17 and $2,719,000 for Fiscal Year 2017-18. The recommended ARC for Fiscal Year 2017-18 included normal cost of $1,962,000 and $757,000 toward the amortization of the UAAL (note that GASB 45 will be replaced by GASB 75 and does not apply in Fiscal Year 2017-18. Numbers for Fiscal Year 2017-18 are shown for comparison only).The following table sets forth the County's annual OPEB Cost, the net OPEB obligation subsequent to such contributions and the County's OPEB contribution as a percentage of total governmental expenditures for the fiscal years ended June 30, 2013 through June 30, 2017.

Table 23
COUNTY OF TULARE
ANNUAL OPEB COST
For Fiscal Years Ended June 30, 2013 through June 30, 2017
(amounts expressed in thousands)

Fiscal Year Ended (June 30)	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Contribution as a Percentage of Total Governmental Expenditures
2013	$ 3,771	$ 873	23.15%	$ 10,667	0.13%
2014	4,007	823	20.54	13,851	0.12
2015	1,260	322	25.56	14,789	0.05
2016	1,319	315	23.88	15,793	0.04
2017	2,294	685	29.86	17,402	0.09

Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal years ended June 30, 2013 through June 30, 2017 and 2017 OPEB Actuarial Valuation (County of Tulare Retiree Healthcare Plan).

Risk Management

The County is exposed to various risks of loss related to tort claims from automobile losses, operations losses, and professional errors and omissions, damage to, and destruction of assets from theft, natural disasters, and to workers' compensation claims arising out of job related injuries to County employees. The County uses a combination of self-insurance, commercial excess insurance, and insurance pools with other counties to provide protection from loss. Premiums are collected from County departments and deposited into the internal service funds and are available to pay workers' compensation and general liability claims, build reserves, pay insurance premiums, and pay the administrative costs associated with risk and claim administration

Liability losses and incidents of potential loss are reported to the Risk Management Division of the County Counsel's office. Claims are filed with the Clerk of the County Board and sent to Risk Management for investigation, claims administration, and potential settlement. Upon receipt and after an initial assessment, a claim is opened and reserves established that include an estimate of the ultimate cost of the claim to the County. The County maintains excess liability coverage for automobile and general liability claims. The County's self-insured retention of $250,000 applies to general liability and non-medical errors and omissions claims.

The County participates in the California State Association of Counties Excess Insurance Authority ("CSAC EIA"), a California Joint Powers Authority. The County participates in the General Liability Program I and II and utilizes a self-insured retention of $250,000. The County purchases additional optional excess coverage that affords $35 million in total liability coverage limits. The County is insured for its property exposures through CSAC-EIA. A $10,000 deductible applies to real property and contents. The deductible for replacement of passenger vehicles is $10,000 for vehicles valued at less than $250,000 and $20,000 for those valued at $250,000 and more. Other deductibles apply to other property loss exposures. Boiler and Machinery coverage is included under the County's property program. A Master Crime Bond Policy covers the County's exposure to loss by employee theft or dishonesty. The Crime Bond deductible is $25,000 and includes $10 million in coverage limits.

The County owns and operate a number of aircraft and marine vessels for law enforcement and firefighting and prevention purposes and maintains aviation coverage through CSAC EIA which includes a $25 million per occurrence limit and $25 million limit for hangar-keepers liability. In addition, the County maintains aviation hull coverage through CSAC EIA with a $5 million limit with a $640,800 limit for hull damage. CSAC-EIA provides water craft liability/navigators insurance and water craft hull/navigators insurance coverage with limits of $2,000,000 and $428,000, respectively. The County's medical malpractice coverage includes a limit of

$20,000,000 per claim. The County purchases cyber liability coverage to protect against release of personal or private information into the Internet. The coverage limit is $20,000,000 combined limits for all members, with a sub-limit of $2,000,000 per member and a retention of $100,000.

The Workers' compensation internal service fund provides the funding for Safety Analysts and the County's safety programs. The County employs a Safety and Claims Officer and self-administers the Safety and Loss Control Program. The County maintains excess worker's compensation coverage through CSAC-EIA with the statutory limits including coverage for the defense of serious and willful actions. In addition, the County maintains a workers' compensation claim administration service agreement with CorVel Corporation. The CorVel claim staff administers claims on behalf of the County and issue claim payments from a $500,000 revolving fund, which is reconciled at least monthly by the County.

The County maintains a self-insured health insurance plan. In addition, the County and the County of Fresno are parties to a Joint Powers Agreement which established the San Joaquin Valley Insurance Authority (the "SJVIA"). The SJVIA serves as a purchasing coalition for the purpose of jointly purchasing health insurance. The SVJVIA is governed by a seven-member Board of Directors that consists of three members appointed by the County Board and four members appointed by the County of Fresno.

Liabilities include an amount for estimated claims payable, including expenses and an accrual for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and the amount of payouts as well as economic and social factors affecting claim values. The liability for claims and judgments is reported in the insurance internal service funds. Liability costs and settlements have occasionally exceeded the self-insured retention. During the Fiscal Year ended June 30, 2017, no payments were made that exceeded the County's $250,000 self-insured retention. No claims have exceeded the County's total insurance coverage. See Appendix B – "County of Tulare General Purpose Financial Statements for the Fiscal Year ended June 30, 2017" attached to this Official Statement.

The following table sets forth the County's general and property damage claims liability for the fiscal years 2012-13 through 2016-17.

Table 24
COUNTY OF TULARE
CLAIMS LIABILITY – GENERAL AND PROPERTY DAMAGE
For Fiscal Years 2012-13 through 2016-17
(amounts expressed in thousands)

Fiscal Year	Beginning of Fiscal-Year Liability	Claims and Changes in Provision	Claim Payments	Balance at Fiscal Year-End
2012-13	$ 3,728	$ 3,224	$ (3,075)	$ 3,877
2013-14	3,877	2,688	(272)	6,293
2014-15	6,293	2,338	(2,269)	6,362
2015-16	6,362	53	(2,190)	4,225
2016-17	4,225	9,191	(9,119)	4,297

Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal years ended June 30, 2013 through June 30, 2017.

The following table sets forth the County's workers' compensation claims liability for the fiscal years 2012-13 through 2016-17.

Table 25

COUNTY OF TULARE
CLAIMS LIABILITY – WORKERS' COMPENSATION
For Fiscal Years 2012-13 through 2016-17
(amounts expressed in thousands)

Fiscal Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Changes in Provision	Claim Payments	Balance at Fiscal Year-End
2012-13	$ 27,891	$ 1,583	$ (3,504)	$ 25,970
2013-14	25,970	6,362	(3,016)	29,316
2014-15	29,316	7,451	(8,977)	27,790
2015-16	27,790	5,749	(6,376)	27,163
2016-17	27,163	9,890	(8,233)	28,820

Sources: County of Tulare Comprehensive Annual Financial Report for the fiscal years ended June 30, 2013 through June 30, 2017.

Indebtedness

General. The County has never failed to pay any note, long-term indebtedness or lease obligation as and when due. The follow paragraphs summarize the County's outstanding indebtedness.

Tax and Revenue Anticipation Notes. The County from time to time issues tax revenue anticipation notes. The most recent issuance was in Fiscal Year 2014-15, in the principal amount of $56 million.

Long Term Lease Obligations. The Tulare Public Facilities Corporation ("PFC") issues Certificates of Participation ("COPs") to provide funds for the acquisition, construction, and repair and maintenance of major capital facilities. COPs have been issued for proprietary fund activities. These COPs are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, COPs have been issued to refund earlier certificates with higher interest rates. As of March 20, 2018, the Enterprise COPs are outstanding in the principal amount of approximately $1.14 million and are scheduled to mature in 2036.

Tobacco Securitization Financing. The County entered into a Facilities Lease Agreement, dated December 1, 2006 (the "Tobacco Facilities Lease"), with the Tulare Public Financing Authority (the "Public Financing Authority") in connection with the issuance by the Public Financing Authority of Tobacco Settlement Asset Back Bonds (the "Tobacco Bonds"), which are currently outstanding in the principal amount of $33.4 million. The Tobacco Bonds bear interest at a variable rate not to exceed 12%. Amounts payable by the County with respect to the Tobacco Facilities Lease range from approximately $1.4 million in Fiscal Year 2018-19 to approximately $3.1 million in Fiscal Year 2034-35, the maturity of the Bonds. Payments required to be made by the County pursuant to the Tobacco Facilities Lease are legally payable from the County General Fund. However, the Tobacco Bonds were structured to be self-supporting from the County's tobacco settlement receipts. Since the issuance of the Tobacco Bonds, such tobacco settlement receipts have been sufficient to pay debt service with respect to the Tobacco Bonds.

Loan Payable. In 2006, the County entered into a loan agreement with Chevron Energy Services (the "Energy Improvements Loan") pursuant to which the County borrowed approximately $7 million to fund energy improvement projects. The outstanding principal amount was $2.6 million as of March 1, 2018. Interest with respect to the Energy Improvements Loan accrues at a rate of 3.9% per annum. Annual payments are approximately $624,580. The Energy Improvements Loan matures in September 2022.

Additional Financings. The County may finance additional capital projects through the execution and delivery of additional certificates of participation or the issuance of bonds or other bonded indebtedness."

Direct and Overlapping Debt

The following table sets forth a direct and overlapping bonded indebtedness report (the "Debt Report") as of March 1, 2018 which was compiled by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations 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 County. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. 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.

Table 26
COUNTY OF TULARE
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
As of March 1, 2018

2017-18 Assessed Valuation: $34,638,372,874 (includes unitary utility valuation)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 3/1/18
College of the Sequoias Hanford School Facilities Improvement District	1.097%	$ 194,994
College of the Sequoias Tulare School Facilities Improvement District	88.887	29,006,939
College of the Sequoias Visalia School Facilities Improvement District	100.	26,548,141
Other Community College Districts	2.878-8.152	17,701,219
Dinuba Joint Unified School District	99.111	21,660,042
Lindsay Unified School District	100.	20,473,542
Porterville Unified School District School Facilities Improvement District	100.	16,190,907
Visalia Unified School District	100.	55,559,971
Other Unified School Districts	8.527-100.	30,034,491
Delano Joint Union High School District	25.487	11,266,528
Exeter Union High School District	100.	7,969,890
Tulare Joint Union High School District	99.848	23,251,370
Other Union High School Districts	1.097-100.	11,083,324
Exeter Union School District	100.	5,559,900
Other School Districts	7.272-100.	32,188,296
Kaweah Delta Hospital District	100.	44,490,000
Tulare Local Healthcare District	100.	83,555,000
City of Visalia 1915 Act Bonds	100.	797,078
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$437,531,632
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Tulare County General Fund Obligations	**100. %**	**$ 33,425,000**
Tulare County Office of Education Certificates of Participation	100.	35,410,000
College of Sequoias Community College District General Fund Obligations	78.163	4,255,975
Kern Community College District General Fund and Benefit Obligations	7.372	8,121,364
Dinuba Joint Unified School District Certificates of Participation	99.111	4,846,528
Lindsay Unified School District General Fund Obligations	100.	5,480,000
Porterville Unified School District Certificates of Participation	100.	26,165,000
Visalia Unified School District Certificates of Participation	100.	16,765,000
Other Unified School District Certificates of Participation	16.578-100.	4,629,871
Union High School District Certificates of Participation	1.097-100.	329,629
School District Certificates of Participation	7.272-100.	45,371,529
City of Porterville Certificates of Participation and Pension Obligations	100.	23,085,000
City of Dinuba General Fund Obligations	100.	25,848,952
City of Lindsay General Fund Obligations	100.	1,335,000
City of Tulare General Fund Obligations	100.	26,670,000
City of Visalia Certificates of Participation	100.	20,470,000
City of Woodlake Certificates of Participation	100.	3,000,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$285,208,848
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$90,785,000
COMBINED TOTAL DEBT	(2)	$813,525,480

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:
Total Overlapping Tax and Assessment Debt.. 1.26%
Total Direct Debt ($33,425,000)... 0.10%
Combined Total Debt.. 2.35%

Ratios to Redevelopment Successor Agencies Incremental Valuation ($3,372,052,291):
Total Overlapping Tax Increment Debt... 2.69%

Source: California Municipal Statistics, Inc.

Accounting Policies, Reports and Audits

California Government Code (the "California Government Code") requires every county to prepare an annual financial report. The Auditor-Controller's Office prepares the Comprehensive Annual Financial Report for the County. This annual report covers financial operations of the County, County districts and service areas, local autonomous districts and various trust transactions of the County Treasury. Under California law, independent audits are required of all operating funds under the control of the County Board. See Appendix B "County of Tulare General Purpose Financial Statements for the Fiscal Year ended June 30, 2017" attached to this Official Statement.

Except as noted below, the County's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board. The County's basis of accounting for its governmental fund is the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers expenditure-driven grant revenues available if they are collected within one year. The County considers all other revenues available if they are collected within 90 days after the end of the fiscal year. The County records expenditures when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are due and payable. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus (with the exception of agency funds), and the accrual basis of accounting. See Appendix B – "County of Tulare General Purpose Financial Statements for the Fiscal Year ended June 30, 2017" attached to this Official Statement.

Funds accounted for by the County are categorized as follows:

Governmental Funds	Proprietary Funds	Fiduciary Funds
General Fund	Enterprise Funds	Investment Trust Funds
Public Facilities Corporation	Internal Service Funds	Agency Funds
Public Financing Authority		Private Purpose Trust Funds
Special Revenue Funds		
Capital Projects Funds		
Debt Service Fund		

County Investment Pool

The Auditor-Controller/Treasurer-Tax Collector is responsible for the investment of all monies deposited into the County Treasury. Amounts held in the County Treasury are invested in the Pooled Investment Fund of the County (the "County Investment Pool"), which invests in securities according to the Tulare County Annual Investment Policy of the Auditor-Controller/Treasurer-Tax Collector (the "County Investment Policy") as authorized by Section 53635 et. al of the California Government Code. From time to time, bills are proposed in the State Legislature that would modify the currently authorized investments and place restrictions on the ability of local agencies to invest in various securities. Therefore, there can be no assurances that the current investments in the County Investment Pool will not vary from the investments described herein or as may be authorized in the future by the California Government Code.

The Auditor-Controller/Treasurer-Tax Collector only invests in securities legally allowed by State law and authorized by the County Investment Policy. The objectives of the County Investment Policy include safety, liquidity, availability, yield, and public trust. The Treasurer places investments with the objective of achieving a reasonable rate of return over an economic cycle, consistent with limited risk and prudent investment practices. The Auditor-Controller/Treasurer-Tax Collector monitors and reviews investments for consistency with the

County Investment Policy. The County Investment Policy states that the dollar-weighted average maturity of the County Investment Pool shall not exceed 3.5 years. The County Board reviews and approves the County Investment Policy annually. The current County Investment Policy was reviewed and approved by the County Board in June 2017. In addition, the County Auditor-Controller/Treasurer-Tax Collector prepares and submits a comprehensive investment report to the investment pool's participants each quarter. The investment report details, among other things, the type of investments in the investment pool and the maturity dates, par value, actual costs and fair value thereof.

The Treasurer-Tax Collector provides the County Board with quarterly investment reports. The objectives of the policy are in order of priority: safety, liquidity, availability, yield, and public trust. The County believes that the County Investment Pool is prudently invested and that investments therein are scheduled to mature at the times and in the amounts that are necessary to meet the County's expenditures and other scheduled withdrawals.

The County Investment Policy allows for purchase of a variety of securities with limitations as to exposure, maturity, and rating, varying with each security type. The composition of the County Investment Pool will change over time as old investments mature and as new investments are made. Although the market value of certain of the securities in the County Investment Pool are less than the County's net book value for those securities, the County does not anticipate that it will realize any losses with respect to such investments since the County intends to hold such investments until their maturity. However, unexpected withdrawals from the County Investment Pool could force the sale of some investments prior to maturity and lead to realization of losses with respect to those investments. Such unexpected withdrawals occur infrequently and thus are considered unlikely by the County, based on historical withdrawal patterns relating to the County Investment Pool. The County Investment Pool represents monies entrusted to the Auditor-Controller/Treasurer-Tax Collector by the County, schools, and special districts within the County.

State law requires that all monies of the County, school districts, and certain special districts be held by the Treasurer-Tax Collector. As of March 31, 2018, approximately 34% of the amounts in the County Investment Pool were attributable to the County. As of March 31, 2018, approximately 61% of the amounts in the County Investment Pool were attributable to depositors such as school districts, which are required by law to make deposits in the County Investment Pool, and approximately 5% of the amounts in the County Investment Pool were attributable to voluntary depositors. Such percentages, however, may fluctuate during the course of any fiscal year. Monies deposited in the County Investment Pool by the participants represent an undivided interest in all assets and investments in the County Investment Pool based upon the amount deposited. All interest, income, gains, and losses are distributed to the participants based upon their average daily balance.

The County determines the market value of the County Investment Pool on a monthly basis but does not mark-to-market. The following types of securities are held by the County Investment Pool as of March 31, 2018: U.S. Treasury securities, federal agency securities, supranational securities, money market funds and accounts, negotiable certificates of deposit, commercial paper, agencies, municipal obligations, medium term notes, managed investment pools, bank time deposits, and cash. The average weighted days-to-maturity for the total County Investment Pool for the quarter ended March 31, 2018 was 748 days.

The County Investment Policy prohibits the Treasurer-Tax Collector from making any investment not expressly permitted by the County Investment Policy. In addition, the County Investment Policy prohibits securities lending, inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, any securities that could result in zero interest accrual if held to maturity and financial futures and options.

The County Investment Pool has a high degree of liquidity with approximately $456 million maturing in one year or under as of March 31, 2018. As of March 31, 2018, approximately 31% of the County Investment Pool's portfolio was comprised of securities with a maturity of less than one year, 13% was invested in securities with maturities ranging from one to two years, 23% was invested in securities with maturities ranging from two to three years, 23% was invested in securities with maturities ranging from three to four years, and 10% was invested in securities with maturities ranging from four to five years.

The value of the various investments in the County Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Investment Pool will not vary from the values described herein.

The following table sets forth information with respect to the County Investment Pool as of the close of business on March 31, 2018.

Table 27
COUNTY OF TULARE
POOLED INVESTMENT FUND OF THE COUNTY
As of March 31, 2018

	Net Market Value	Percentage of Total Net Market Value
INVESTMENTS		
U.S. Treasuries	$308,581,684	22%
Federal Agencies	201,889,145	14
Federal Agency Mortgage Backed Securities	18,028,096	1
Supranationals	87,840,393	6
Medium-Term/Corporate Notes	271,982,702	19
Corporate Asset Backed Securities	80,769,520	6
Municipals	12,520,341	1
Commercial Paper	37,491,779	3
Negotiable Certificates of Deposit	127,519,805	9
Local Agency Investment Fund	65,000,000	5
California Asset Management Program	105,446,945	7
Money Market Funds	347,615	0
Money Market Accounts	10,007,400	1
Certificates of Deposit	10,000,000	1
Cash	85,321,140	6
TOTAL INVESTMENTS[1]	$1,422,746,566	100%

(1) Total may not equal sum due to rounding.
Source: County of Tulare, Treasurer-Tax Collector.

DEMOGRAPHIC INFORMATION

Population

The following table sets forth the estimates of the population of the County and incorporated and unincorporated areas therein as of January 1 for calendar years 2013 through 2017. The County's population was approximately 471,842 as of January 1, 2017, which is an approximate 1.1% increase from January 1, 2016.

Table 28
POPULATION OF TULARE COUNTY
(As of January 1)

Area	2013	2014	2015	2016	2017
Dinuba	23,218	23,831	24,228	24,567	24,861
Exeter	10,691	10,771	10,870	10,927	10,985
Farmersville	10,967	11,026	11,050	11,112	11,248
Lindsay	12,565	12,699	12,773	12,931	12,984
Porterville	56,097	56,396	56,766	59,686	59,908
Tulare	61,325	62,018	62,685	63,421	64,661
Visalia	127,098	128,099	129,140	130,977	133,151
Woodlake	7,593	7,630	7,641	7,690	7,768
Subtotal	309,554	312,470	315,153	321,311	325,566
Unincorporated	145,537	146,370	146,908	145,252	146,276
County Total	455,091	458,840	462,061	466,563	471,842

Sources: California Department of Finance.

Industry and Employment

The following table sets forth estimates of the labor force, civilian employment and unemployment for residents of the County, the State and the United States for calendar years 2012 through 2016.

Table 29
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
Annual Average for Years 2012 through 2016

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2016				
County	205,900	183,300	22,600	11.0%
State	19,102,700	18,065,000	1,037,700	5.4
United States	159,187,000	151,436,000	7,751,000	4.9
2015				
County	204,000	180,600	23,500	11.5%
State	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2014				
County	198,500	172,500	26,100	13.1%
State	18,755,000	17,348,600	1,406,400	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2013				
County	205,300	176,600	28,700	14.0%
State	18,596,800	16,933,300	1,663,500	8.9
United States	155,389,000	143,930,000	11,460,000	7.4
2012				
County	206,000	173,300	32,700	15.9
State	18,519,000	16,589,700	1,929,300	10.4
United States	154,975,000	142,469,000	12,506,000	8.1

Source: State Employment Development Department, Labor Market Information Division, and U.S. Bureau of Labor Statistics.

The following table sets forth the employment by industry in the County for calendar years 2012 through 2016.

Table 30
COUNTY OF TULARE
EMPLOYMENT BY INDUSTRY GROUP
Annual Averages

Industry Employment[1]	2012	2013	2014	2015	2016
Agriculture	33,700	35,100	34,700	39,100	38,300
Natural Resources, Mining and Construction	4,000	4,200	4,500	4,900	5,400
Manufacturing	11,300	11,600	12,000	12,300	12,900
Trade, Transportation, Warehousing and Utilities	25,500	26,700	27,200	28,100	28,700
Information	900	900	900	1,000	1,000
Finance, Insurance, and Real Estate	3,800	3,800	3,800	2,700	2,800
Professional and Business Services	9,600	10,000	9,300	10,900	11,000
Education and Health Services	11,800	12,700	13,600	13,800	14,600
Leisure and Hospitality	9,500	10,000	10,500	11,100	11,400
Other Services	3,100	3,200	3,400	3,400	3,500
Government	30,600	30,000	29,400	30,300	31,400
Total[2]	143,700	148,000	149,300	157,600	161,000

(1) Based on place of work.
(2) Total may not equal sum due to rounding.
Source: State Employment Development Department, Labor Market Information Division.

Agriculture

The County is comprised of approximately 3,158,400 acres, of which approximately 1,674,278 of are used for agricultural activities including approximately 800,000 acres under irrigated cultivation. The following table contains certain information relating to agricultural production in the County

The value of agricultural production for calendar years 2012 through 2016 is set forth in the following table.

Table 31
COUNTY OF TULARE
VALUE OF AGRICULTURAL PRODUCTION
For Calendar Years 2012 through 2016
(amounts expressed in thousands)

	2012	2013	2014	2015	2016
Milk	$ 1,813,816	$ 2,083,354	$2,540,232	$ 1,718,001	$ 1,645,572
Oranges — Navel and Valencia	654,927	854,693	962,988	819,134	838,593
Cattle and Calves	577,150	687,960	979,680	941,280	660,400
Grapes	863,043	984,879	723,511	643,621	600,200
Tangerines — Fresh	-	-	292,600	302,470	343,380
Pistachio Nuts	193,920	271,206	374,745	208,199	339,208
Almonds — Meets and Hulls	187,371	256,516	406,855	322,943	301,869
Corn — Grain and Silage	262,170	256,218	188,261	282,952	186,202
Walnuts	185,128	262,094	264,435	197,100	137,651
Lemons – Fresh	-	-	-	-	117,810
Nectarines	-	234,900	-	-	-
Alfalfa — Hay and Silage	199,883	175,598	-	-	-
Peaches — Cling and Freestone	146,302	-	176,454	-	-
Silage — Small Grain	-	-	-	224,991	-
Subtotal Top Ten Crops(1)	$ 5,083,710	$ 6,067,418	$6,909,761	$ 5,660,691	$ 5,170,885
All other crops	$ 1,126,983	$ 1,279,504	$1,174,911	$ 1,320,287	$ 1,199,237
Total	$ 6,210,693	$ 7,346,922	$8,084,672	$ 6,980,978	$ 6,370,122
Percent change	10.30%	18.29%	10.04%	-13.65%	-8.75%

(1) Subtotal reflects top ten crops of each given year.
Sources: Tulare County Crop and Livestock Report for calendar years 2012 through 2016.

Major Employers

The following table sets forth the major employers headquartered or located in the County and their estimated full-time equivalent employment during fiscal year ended June 30, 2017.

Table 32
COUNTY OF TULARE
MAJOR EMPLOYERS
For the Fiscal Year Ended June 30, 2017

Employer	Product or Service	Estimated FTA Employment
County of Tulare	Government	4,945
Visalia Unified School District	Government	2,300
Kaweah Delta Health Care District	Hospital Services	2,000
Sierra View District Hospital	Hospital Services	1,800
Ruiz Foods Products, Inc.	Food Processing - Mfrg	1,800
Wal-Mart Distribution Center	Distribution	1,692
Porterville Development Center	Mental Health Services	1,399
College of the Sequoias	Schools Universities and College Academics	1,160
City of Visalia	Government	800
Jostens	Publishers - Book	720
CIGNA HealthCare	Health Insurance	700
Monrovia Nursery Company	Distribution	600
Land O'Lakes, Inc.	Food Processing	600
Saputo Cheese USA, Inc.	Food Processing	530

Source: County of Tulare.

Personal Income

The following table sets forth information relating to personal income and per capita personal income for the County, the State, and the United States for calendar years 2012 through 2016.

Table 33
COUNTY OF TULARE, STATE OF CALIFORNIA AND UNITED STATES
PERSONAL INCOME[(1) (2)]
Calendar Years 2012 through 2016

Year and Area	Total Personal Income ($ in millions)	Per Capita Personal Income
2016		
County	$ 17,366	$ 37,717
State	2,212,691	56,308
United States	15,912,777	49,246
2015		
County	$ 16,781	$ 36,621
State	2,133,664	54,664
United States	15,547,661	48,451
2014		
County	$ 16,675	$ 36,560
State	1,986,025	51,317
United States	14,811,388	46,494
2013		
County	$ 15,219	$ 33,571
State	1,861,956	48,555
United States	14,068,960	44,493
2012		
County	$ 14,403	$ 31,957
State	1,838,567	48,359
United States	13,904,485	44,282

(1) All dollar estimates are in current dollars (not adjusted for inflation).
(2) All national and State estimates available as of March 2018.

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

Commercial Activity

The following table sets forth information relating to taxable sales in the County for calendar years 2012 through 2016. The source of the data changed in 2015 and the new source used different categories, which accounts for the separate tables.

Table 34
COUNTY OF TULARE
TAXABLE SALES
2012 through 2016
(amounts expressed in thousands)

Type of Business	2012	2013	2014
Retail and Food Services			
Motor Vehicle and Parts Dealers	$ 530,101	$ 590,927	$ 631,800
Furniture and Home Furnishings Stores	51,322	52,942	56,081
Electronics and Appliance Stores	272,085	230,859	251,498
Building Materials, Garden Equipment and Supplies	298,763	308,281	333,292
Food and Beverage Stores	231,678	212,769	210,779
Health and Personal Care Stores	92,727	93,411	94,868
Gasoline Stations	666,872	686,860	690,828
Clothing and Clothing Accessories Stores	219,619	248,967	249,914
Sporting Goods, Hobby, Book & Music Stores	86,492	88,433	84,425
General Merchandise Stores	634,261	652,975	664,088
Miscellaneous Store Retailers	114,277	123,292	133,353
Non-store Retailers	23,893	37,117	50,535
Food Services and Drinking Places	400,104	419,338	451,090
Total Retail and Food Services	$ 3,622,196	$ 3,746,171	$ 3,902,553
All Other Outlets	$ 1,877,165	$ 2,042,413	$ 2,248,116
Total All Outlets[1]	$ 5,499,361	$ 5,788,584	$ 6,150,669

Category	2015	2016
Motor Vehicle & Parts Dealers	$ 717,921	$ 754,133
Home Furnishings & Appliance Stores	335,764	628,385
Building Material & Garden Equipment & Supplies	366,305	380,748
Food & Beverage Stores	220,447	227,603
Gasoline Stations	594,050	283,490
Clothing & Clothing Accessories Stores	260,666	279,296
General Merchandise Stores	631,310	639,712
Food Services & Drinking Places	495,219	530,742
Other Retail Group	376,902	388,465
Total Retail & Food Services:	**$ 3,998,588**	**$ 4,377,470**
All Other Outlets	$ 2,276,845	$ 2,310,876
Total All Outlets:	**$ 6,275,433**	**$ 6,688,258**

(1) Total may not equal sum due to rounding.
Source: California State Board of Equalization, Taxable Sales in California.

Construction Activity

The following table sets forth an estimated building permit valuation summary for calendar years 2015 through 2017 and calendar year 2018 through March 2018.

Table 35
COUNTY OF TULARE
BUILDING PERMIT VALUATION
2015 through March 2018
(amounts expressed in thousands)

Year	Residential Single Family	Residential Multifamily	Residential Valuation[1]	Nonresidential Valuation[1]	Total[2]
2015	604	39	$26,679,545	$77,428,837	$104,108,382
2016	641	20	$61,443,071	$62,598,667	$124,041,738
2017	903	27	$57,696,635	$123,961,424	$181,658,059
2018	106	1	$1,232,668	$1,409,100	$2,641,768

(1) Includes the value of residential alterations and additions.
(2) Total represents the sum of residential and nonresidential building permit valuations. Total may not equal sum due to rounding.
Source: Tulare County Assessor/Clerk-Recorder Department.

Transportation

Highways. Public Streets within Tulare County are operated and maintained by two Agencies. The State of California Department of Transportation (Caltrans) operates the State highway system and the County operates the remainder of the public streets and roads that are located outside of the incorporated cities.

State Highways provide the main inter-regional connectors in Tulare County in the form of Highways, Principal Arterials, and Minor Arterials. There are approximately 350 miles of State Highways in Tulare County. There are approximately 3,000 miles of County operated streets and roads in Tulare County.

In general, State Route 43 and 99 run roughly parallel, north and south through the County and connect the region to neighboring Fresno, Kings and Kern Counties as well as the Cities of Bakersfield, Fresno and further north to Sacramento and beyond. State Routes 63 and 65 run north and south and connect the urban areas within the County. State Route 198 runs east and west starting at the central California coast and terminating at the Sequoia National Park in Tulare County. State route 190 runs east and west from State Route 99 into the Southern Sierra Nevada Mountains in Eastern Tulare County. Other State Routes including 216, 201, 245, and 137 connect urban areas within the County.

County Roads are typically located throughout the valley floor region of Tulare County spaced at an interval of every half mile or less on a grid network. These roads provide vital connectivity to the productive agriculture region for goods producers and commodity centers. Roads in the foothills and mountain region of Central and Eastern Tulare County are more dispersed and provide connectivity to the residents in these areas.

Public Transit. Bus service is available throughout Tulare County through the Tulare County Area Transit ("TCaT") and other service providers through the Cities of Visalia, Porterville, Tulare, Dinuba, and Woodlake. These services provide public transit between large and small communities throughout the County as well as a connection to the City of Delano in Kern County, The City of Hanford in Kings County, and the Cities of Fresno and Reedley in Fresno County. TCaT is operated by the County of Tulare. These systems all provide fixed route daily service with operating hours throughout the daytime hours, including weekends.

Annual total ridership for TCaT in Fiscal Year 16/17 was approximately 300,000 riders, and the total miles of service provided was approximately 950,000 miles.

Airports. Airport service is provided within the County at the Visalia Municipal Airport in the City of Visalia, the City of Tulare's Mefford Field, the Porterville Municipal Airport in the City of Porterville, the Woodlake Airport in the City of Woodlake, and the County's Sequoia Field Airport located north of the City of Visalia. All of these airports offer private general aviation facilities and some provide chartered flight services. Currently, the nearest commercial passenger service airport is located at the Fresno Yosemite International Airport in the City of Fresno and Bakersfield's Meadows Field Airport.

APPENDIX B

COUNTY OF TULARE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017

County of Tulare
State of California

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Prepared Under the Direction of
Cass Cook
Auditor-Controller/Treasurer-Tax Collector

Cover: Deer Creek Bridge, completed in April of 2016, was built one mile northwest of Terra Bella on Road 224. The bridge replaced a culvert washed out by heavy rain in 2010. The Deer Creek Bridge project, which cost nearly $3 million, was constructed using a new voided slab design and is estimated to last approximately 100 years.

Photographer: Jason Vivian

County of Tulare
State of California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

Prepared Under the Direction of

Cass Cook
Auditor-Controller/Treasurer-Tax Collector

Tara Freitas, CPA
Assistant Auditor-Controller

COUNTY OF TULARE
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

FINANCIAL SECTION

TABLE OF CONTENTS

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Introductory Section

AUDITOR-CONTROLLER/
TREASURER-TAX COLLECTOR

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COUNTY OF TULARE

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December 20, 2017

To the Honorable Board of Supervisors and Citizens of the County of Tulare:

The Comprehensive Annual Financial Report (CAFR) of the County of Tulare (the County) for the fiscal year ended June 30, 2017, is hereby submitted in accordance with Sections 25250 and 25253 of the Government Code of the State of California (the State). Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal framework it established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Brown Armstrong Accountancy Corporation has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The County is a General Law County created by the State Legislature in 1852 and the City of Visalia is the County Seat. The function of the County is to provide services to its residents as requested by them through laws enacted at the Federal, State, and local level and through the election process. The number of residents in the County has been steadily growing over the past 10 years, with an increase of 8.0% since fiscal year 2008. According to the State of California Department of Finance, the number of residents in the County for the current fiscal year is approximately 471,842, an increase of 1.1% in comparison with the prior fiscal year.

The County is divided into five Supervisorial Districts based on population as required by State statute. Members of the Board of Supervisors (the Board) are elected from each District by the voters of that District to serve staggered four-year terms – two Supervisors are elected in one general election, and three Supervisors in the next. The Board is vested with the legislative authority and responsibility to set County policy. The Board members hire the County Administrative Officer to carry out the policy decisions they make and to be responsible for day-to-day operations of the County. They also hire County Counsel, the County's legal advisor. Voters elect other officials, including the Assessor/Clerk-Recorder, Auditor-Controller/Treasurer-Tax Collector, District Attorney, and Sheriff-Coroner, each to four-year terms.

Geography and Industry The County is located in the southern region of California's San Joaquin Valley between San Francisco and Los Angeles, less than a three hour drive from California's central coast, and a short distance from Sequoia and Kings Canyon National Parks, Sequoia National Monument and Forest, and Inyo National Forest. The County is situated in a geographically diverse region. Mountain peaks of the Sierra Nevada Range rise to more than 14,000 feet in its Eastern half, comprised primarily of public lands within the Sequoia National Park, National Forest, and the Mineral King, Golden Trout, and Domelands Wilderness areas. The County's central California location, family-oriented lifestyle, and affordable housing contribute to its growing population and business community.

The geographical location of the County presents easy access to markets around the world for all commodities produced. The County is the nation's number one ranking County with regard to total agriculture value. This is primarily due to its Mediterranean climate that is conducive to growing specialty crops, such as pistachios and walnuts, citrus and grapes, as well as a variety of row crops. The mild climate allows the County to be number one in the nation for citrus growth, with over 108,000 acres dedicated to oranges alone. The tree nut acreage continues to expand, with almost 80,000 acres each of almonds and pistachios. The top million dollar commodities produced in the County are milk products, cattle, and citrus. Milk production maintains the top spot for the highest valued commodity, grossing over $1.6 billion annually. The beef industry is also an important component of the County's bustling economy, as are turkey and hog production. The County is also famous for its olives, pecans, plums, peaches, and nectarines, which account for hundreds of millions of dollars in farm income each year.

Component Units The County provides a full range of services, including police and fire protections; health and sanitation services; social services; constructions and maintenance of highways, streets, and infrastructures; recreational activities; and cultural events. Included in operations are various component units that provide specific services Countywide or to distinct geographic areas within the County. These component units include the Terra Bella Sewer Maintenance District, the Flood Control District, the Public Facilities Corporation, the Public Financing Authority, and the First 5 Tulare County. The financial reporting entity includes all of the funds of the County, as well as its component units, which are legally separate entities for which the County is financially accountable.

Budget The County is required by the State to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. This requires balancing incoming revenue (from property taxes, sales and other taxes, Federal and State funding, fees and other funds) with outgoing expenses. Budgets are adopted for all governmental and proprietary funds and are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

The County utilizes an automated accounting system (Advantage Financial). This system allows the County to restrict each department's expenditures to the amount of the budgeted appropriation. Changes in budget appropriation must be approved by the Board as a transfer from contingency reserve, transfer from another budget unit, or as an appropriation of unanticipated or over realized revenue. The fund balances along with projected revenues become available for appropriation in the following year.

The County maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund, special revenue funds, debt service fund, and capital projects fund are included in the annual appropriated budget. The legal level of budgetary control (that is, the level which cannot be exceeded without action by the Board) is the fund level, with the exception of the General Fund in which the legal level of control is the department level. The County Administrative Officer may approve transfers of appropriations between expenditure appropriation classifications within the same budget unit. A budget unit classifies a budget expenditure into the appropriate accounting or organizational unit, therefore enhancing the necessary or desirable control of the financial operation or program.

LOCAL ECONOMY

The following highlights are evidence of the economic condition of the County:

Employment According to the State of California Employment Development Department, the County's total labor force as of the end of the current fiscal year is 209,200, of which 188,600 are employed and 20,700 are unemployed. As a result, the County's unemployment rate is 9.9%, an increase of 0.4% in comparison with the prior fiscal year and a decrease of 6.0% since fiscal year 2011, which was the year that the County experienced the highest unemployment rate following the peak of the recession.

Income The County's average annual wages have been progressively rising over the past decade. For the current fiscal year, the County's average annual wages are $37,642, an increase of 2.8% in comparison with the prior fiscal year.

Real Estate The County's median home value continues to rise as the real estate market recovers from the recent recession. According to the State of California Employment Development Department, the County's median home value is $205,000, an increase of 9.7% since the prior year.

Tourism For the current fiscal year, the dollar amount of the Transient Occupancy Tax (TOT) collected was $2.1 million, an increase of 20.6% in comparison with the prior fiscal year. The increase in this tax source is attributable to the County's array of hotels, motels, and vacation rentals.

LONG-TERM FINANCIAL PLANNING

Property taxes are a major source of local governmental revenues and are determined by assessed values of real and personal property. The County's local assessed property values increased 4.5% in comparison with the prior fiscal year.

The County's Capital Improvement Plan is a five-year plan that identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for financing the plan. For fiscal year 2017/18, the Capital Projects Fund requested budget is $74.3 million.

Significant projects included in the budget for fiscal year 2017/18 include:

- $40.0 million for the South County Detention Facility (total estimated project cost of $72.0 million)
- $9.0 million for the Space Planning and Improvement project (total estimated project cost of $17.2 million)
- $3.5 million for the Sequoia Field Program Facility (total estimated project cost of $43.0 million)
- $3.0 million for the construction of Fire Station No. 1 (total estimated project cost of $3.4 million)
- $1.1 million for the Vocational Education Building (total estimated project cost of $1.1 million)

All projects and project funding are subject to the approval of the Board.

MAJOR INITIATIVES

Current Initiatives The Board approved an update to the Strategic Management System 2016-2020 emphasizing that the County is "Open for Business" using a business model to provide public value when implementing the Strategic Goals of Public Safety and Security, Economic Well-Being, Quality of Life, and Organizational Performance. For the year, the Board's commitment to serve the residents of the County effectively is demonstrated by the following initiatives (which are presented in no particular order and may have overlap among the categories):

Public Safety and Security

- Construction began on the South County Detention Facility in early 2016. The project will continue to move forward with a targeted completion date of August 2018.
- Established the Tree Mortality Task Force to assist with combatting the number of dying trees in the County.

Quality of Life

- Executed agreements with the State Water Resources Control Board and Department of Water Resources to bring safe and reliable drinking water to disadvantaged communities.
- Collaborated with the County's Health and Human Services Agency to expand the Step Up Youth Leadership Program (#LEAD) to at-risk youth in the Cities of Visalia, Tulare, and Porterville.
- Executed agreements with Tulare County Animal Services to renovate the animal shelter and offer the residents and animals of the County expanded services, with a greater emphasis on community engagement.
- Executed an agreement for the Tulare County Park Advisory Committee to review and evaluate the physical conditions of all the County parks. The Board authorized, recommended, and prioritized repairs and improvements with a completion date of December 2016.
- Began the process of acquiring and developing property in Monson for a long-term solution to the local residents to bring relief to them as a result of the drought.

Organizational Performance

- The Board approved a reorganization of the County Administrative Office (CAO) in March of 2016, encompassing a Strategic Management System and Economic Development Strategy.
- The County's space planning process was initiated in February 2015 through the release of a Request for Proposals. The County selected an architect and contracts were executed in fiscal year 2015/16. Multiple County departments and a variety of sites will be involved in the space planning process as it continues with completion of the first phase in 2017.

Future Initiatives For the future, in order to serve the County residents effectively, the Board continues to prioritize programs based on their needs and anticipates on taking the following initiatives to achieve this goal (which are presented in no particular order and may have overlap among the categories):

Public Safety and Security

- Begin the process of planning and designing the Property and Evidence Building for a long-term solution to the County's criminal justice needs.
- Finalize the scope of work with the State of California Board of State and Community Corrections for the County's Sequoia Field Program Facility in the amount of $40 million funded by the Senate Bill (SB) 1022 Jail Construction Program.

- The Board will work closely with the newly created Tree Mortality Task Force to determine guidelines for effectively and efficiently handling tree mortality in the County.

Economic Well-Being

- Work with State and Federal government officials to maintain local land use authority concerning marijuana grow sites.
- Monitor and provide feedback, as needed, on all State and Federal legislative proposals and promote the County's business growth and development.

Quality of Life

- Work closely with the Tulare County Park Advisory Committee as they meet to review and evaluate the Conceptual Master Plan to begin working on the plan to finalize future projects for the parks.
- Continue to seek State and Federal funding to assist communities and farms to secure a sustainable and affordable water supply.
- Work with local water agencies to implement the provisions of the Sustainable Groundwater Management Act, including executing agreements with public water agencies for the establishment of Groundwater Sustainability Agencies covering the Tule, Kaweah, and Kings sub-basins.
- Execute an agreement to form the San Joaquin Valley Water Infrastructure Authority to begin identifying viable water storage projects to bring relief to the San Joaquin Valley as a result of the drought and to provide better water supply reliability.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement for Excellence in Financial Reporting The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2016. This was the 23rd consecutive year that the County has achieved this prestigious award. In order to receive this award, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments The preparation of this report was made possible by the dedicated service of the entire staff of the Auditor-Controller's Office, as well as the efforts and input of every department of the County, and by Brown Armstrong Accountancy Corporation for their professional assistance. Each participating member has our sincere appreciation for the contributions made in the preparation of this report. Finally, we would like to thank the Board for its continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Respectfully submitted,

Cass Cook
Auditor-Controller/Treasurer-Tax Collector

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

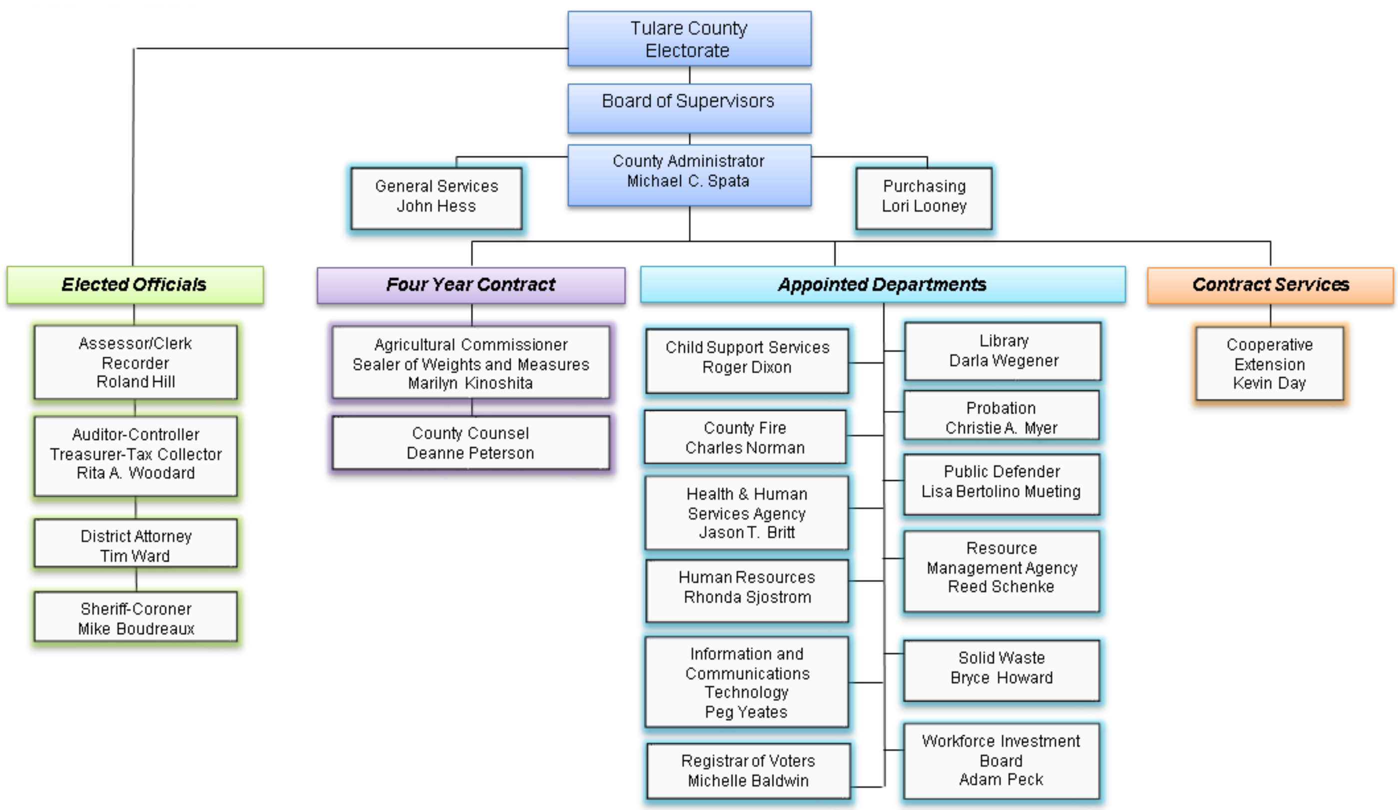
County of Tulare California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

COUNTY OF TULARE
Organizational Chart
June 30, 2017



COUNTY OF TULARE
List of Elected and Appointed Officials
June 30, 2017

Department/Agency/District	Elected Official
Assessor/Clerk-Recorder	Roland P. Hill
Auditor-Controller/Treasurer-Tax Collector	Rita A. Woodard
Board of Supervisors District No. 1 *Exeter, Farmersville, Lindcove, Lindsay, Lemoncove, Strathmore, Three Rivers, (Part) Visalia, and Woodville*	Kuyler Crocker
Board of Supervisors District No *Allensworth, Alpaugh, Earlimart, Pixley, Tipton, Tulare, and Waukena*	Pete Vander Poel, Chairman
Board of Supervisors District No. 3 *Visalia*	Amy Shuklian
Board of Supervisors District No. 4 *Badger, Cutler, Dinuba, Goshen, Ivanhoe, Orosi, Traver, (Part) Visalia, and Woodlake*	J. Steven Worthley, Vice Chairman
Board of Supervisors District No. 5 *Camp Nelson, Ducor, Kennedy Meadows, Poplar-Cotton Center, Porterville, Posey, Richgrove, Springville, and Terra Bella*	Mike Ennis
District Attorney	Timothy Ward
Sheriff-Coroner	Mike Boudreaux

Department/Agency	Appointed Official
Agricultural Commissioner/Sealer of Weights and Measures	Marilyn Kinoshita
Capital Projects and Facilities	John Hess
Child Support Services	Roger Dixon
Cooperative Extension	Kevin Day
County Administrative Office	Michael C. Spata
County Counsel	Deanne H. Peterson
Fire Protection Services	Charles Norman
General Services	John Hess
Grand Jury	Reba Grissom, Foreman
Health and Human Services Agency	Jason T. Britt
Human Resources and Development	Rhonda Sjostrom
Information and Communications Technology	Peg Yeates
Law Library	Anne Bernardo
Library	Darla Wegener
Probation	Christie A. Myer
Public Defender	Lisa Bertolino Mueting
Purchasing	Lori Looney
Solid Waste	Bryce Howard
Registrar of Voters	Michelle Baldwin
Resource Management Agency	Reed Schenke
Workforce Investment Board	Adam Peck

Financial Section

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REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
of the County of Tulare, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Tulare (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County'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 did not audit the financial statements of the First 5 Tulare County, which represents 100 percent of the assets and revenues of the discretely presented component unit for the fiscal year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the First 5 Tulare County, is based solely on the report of the other auditors.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows, and the respective budgetary comparison for the general fund and the realignment-social services fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the County's proportionate share of net pension liability, schedule of the County's pension contributions, and schedule of funding progress for the County's other postemployment benefit plan as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB), 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 County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the County'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 the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 20, 2017

COUNTY OF TULARE
Management's Discussion and Analysis (unaudited)
June 30, 2017 (in thousands)

As management of the County of Tulare (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $1,712,073 (*net position*).
- The County's total net position decreased by $5,942 from the prior fiscal year, which was mainly due to an increase in the County's unfunded pension obligation.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of $336,423, an increase of $16,146 in comparison with the prior year. Approximately $49,235, or 14.6%, of this amount is available for spending at the government's discretion (*unassigned fund balance)*.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed, assigned,* and *unassigned* components of *fund balance*) for the General Fund was $109,329, or approximately 18.0% of total General Fund expenditures.
- The County's total outstanding long-term debt decreased by $1,562 during the current fiscal year, which was attributable to payments made on existing long-term debt.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Education, and Culture and Recreation. The business-type activities of the County include Solid Waste, Transit, and many sewer and water operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also five legally separate organizations for which the elected officials of the County are financially accountable. Financial information for one of the component units, First 5 Tulare County, is reported separately from the financial information presented for the primary government itself. The remaining four component units, also legally separate, function for all practical purposes as departments of the County, and therefore have been included as integral parts of the primary government.

The government-wide financial statements can be found in the basic financial statements section following the Management's Discussion and Analysis of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The County maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Facilities Corporation, the Public Financing Authority, and the Realignment-Social Services fund which are considered to be major funds. Data from the other 17 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found following the government-wide financial statements in the basic financial statements section of this report.

Proprietary Funds The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Solid Waste, Transit, and many sewer and water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its insurance coverage and central services, such as mailroom, print shop, and motor pool. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Solid Waste, which is considered to be a major fund of the County. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found in the fund financial statements section of this report.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains three different types of fiduciary funds. The *investment trust funds* are used to account for assets held by the County in a trustee capacity. The *private-purpose trust fund* is used by the County to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Tulare County

June 30, 2017 (in thousands)

Redevelopment Successor Agency (Successor Agency). The *agency funds* are custodial in nature and do not involve measurement of results of operations.

The fiduciary fund financial statements can be found in the fund financial statements section of this report.

Notes to the Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information (RSI)* concerning the County's progress in funding its obligation to provide Other Postemployment Benefits (OPEB) to its employees. Also, included in RSI are (1) the Schedule of the County's Proportionate Share of Net Pension Liability and (2) the Schedule of the County's Contributions for the County's Pension Plan to its employees. RSI can be found immediately following the notes to the financial statements of this report.

The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and capital assets used in the operation of governmental funds are presented immediately following the RSI of this report.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

Key elements of the County's calculation of net position for both governmental activities and business-type activities for the fiscal years ended June 30, 2017 and June 30, 2016 are as follows:

Summary of Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total		Dollar	Percentage
	2017	2016	2017	2016	2017	2016	Change	Change
ASSETS								
Current and other assets	$ 530,160	$ 501,294	$ 73,432	$ 73,295	$ 603,592	$ 574,589	$ 29,003	5.1%
Capital assets	1,639,501	1,618,422	21,617	22,413	1,661,118	1,640,835	20,283	1.2%
Total assets	2,169,661	2,119,716	95,049	95,708	2,264,710	2,215,424	49,286	2.2%
DEFERRED OUTFLOWS OF RESOURCES								
Deferred pensions	187,623	96,643	1,228	443	188,851	97,086	91,765	94.5%
Total deferred outflows of resources	187,623	96,643	1,228	443	188,851	97,086	91,765	94.5%
LIABILITIES								
Long-term liabilities	506,801	398,377	39,305	42,654	546,106	441,031	105,075	23.8%
Other liabilities	138,668	125,426	10,508	10,232	149,176	135,658	13,518	10.0%
Total liabilities	645,469	523,803	49,813	52,886	695,282	576,689	118,593	20.6%
DEFERRED INFLOWS OF RESOURCES								
Unearned revenue	15,341	16,074	-	-	15,341	16,074	(733)	(4.6%)
Deferred pensions	30,665	1,721	200	11	30,865	1,732	29,133	1,682.0%
Total deferred inflows of resources	46,006	17,795	200	11	46,206	17,806	28,400	159.5%
NET POSITION								
Net investment in capital assets	1,636,514	1,614,927	20,420	21,172	1,656,934	1,636,099	20,835	1.3%
Restricted	180,978	153,860	9,088	10,445	190,066	164,305	25,761	15.7%
Unrestricted	(151,683)	(94,026)	16,756	11,637	(134,927)	(82,389)	(52,538)	63.8%
Total net position	$ 1,665,809	$ 1,674,761	$ 46,264	$ 43,254	$ 1,712,073	$ 1,718,015	$ (5,942)	(0.4%)

Analysis of Net Position As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,712,073 at the close of the most recent fiscal year. As described below, the County experienced a net decrease of $5,942, or 0.4%, from the prior fiscal year primarily as a result of an increase in the County's unfunded pension obligation.

Net Investment in Capital Assets The largest portion of the County's net position is invested in capital assets (e.g., land, buildings, roads, bridges, machinery, equipment, and intangible assets), less the related and outstanding debt used to acquire those assets and related deferred inflows of resources. The County uses these capital assets to provide services to citizens; as such, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The $20,835, or 1.3%, increase in net position from the net investment in capital assets represents capital acquisitions and deletions, less current year depreciation, and the addition and/or retirement of related long-term debt and deferred inflows of resources. Capital additions were related primarily to infrastructure (roads and road improvements), construction in progress, and the acquisition of equipment and vehicles. The County recorded depreciation of $508,600 against its assets.

Restricted Net Position Restricted net position of $190,066 represents resources that are subject to external restrictions on how they may be used. Due to the unique nature of funding sources, the County has significantly more restricted net position dollars than unrestricted net position dollars. Restricted net position is comprised of the following:

- $74,056, or 39.0%, for health and sanitation, including mental health care programs, alcohol and drug programs, environmental programs, social services realignment, and mental health realignment.
- $34,229, or 18.0%, for future roads projects.
- $26,584, or 14.0%, for Federal and State allocations for public protection, including local community corrections, local safety and protection, juvenile justice, and jail inmate welfare.
- $24,221, or 12.7%, for a debt service bond agreement for the acquisition and construction of public capital improvements and the repair and maintenance thereof.
- $30,976, or 16.3%, for various other Federal, State, or County imposed purposes.

Restricted net position increased $25,761, or 15.7%, in comparison with the prior fiscal year. Significant changes to restricted net position include:

- Health and sanitation restrictions increased by $11,994, or 19.3%, primarily due to unspent reimbursements from the State for social services and mental health realignment.
- The restricted amount for roads projects increased by $4,938, or 16.9%, mainly due to unspent revenues to be spent on future roads projects.
- Public protection increased by $4,600, or 20.9%, predominantly as a result of unspent reimbursements from the State for public safety realignment set aside for future local community corrections, safety, and protection.

Unrestricted Net Position The remaining balance of net position is unrestricted, which may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position is negative $134,927, a decrease of $52,538, or 63.8%, from the prior fiscal year. The majority of negative unrestricted net position is primarily the result of the County's unfunded pension obligation.

June 30, 2017 (in thousands)

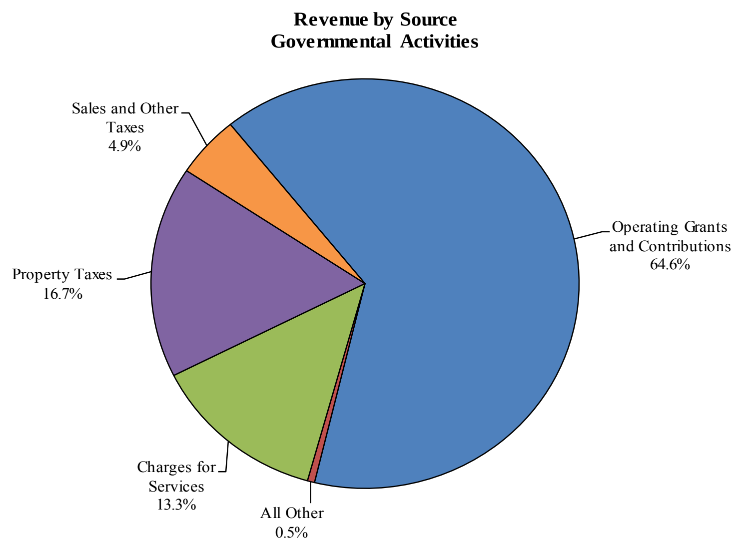
Changes in net position for both governmental activities and business-type activities for the fiscal years ended June 30, 2017 and June 30, 2016 are as follows:

Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-type Activities		Total		Dollar	Percent
	2017	2016	2017	2016	2017	2016	Change	Change
REVENUES								
Program Revenues								
Charges for services	$ 98,036	$ 119,841	$ 16,300	$ 14,796	$ 114,336	$ 134,637	$ (20,301)	(15.1%)
Operating grants and contributions	477,539	456,543	1,172	736	478,711	457,279	21,432	4.7%
General Revenues							-	
Property taxes	123,861	119,331	-	-	123,861	119,331	4,530	3.8%
Sales and other taxes	35,976	41,300	1,704	2,709	37,680	44,009	(6,329)	(14.4%)
Other	3,920	3,811	130	1,256	4,050	5,067	(1,017)	(20.1%)
Total revenues	739,332	740,826	19,306	19,497	758,638	760,323	(1,685)	(0.2%)
EXPENSES								
General government	53,525	39,542	-	-	53,525	39,542	13,983	35.4%
Public protection	246,602	221,740	-	-	246,602	221,740	24,862	11.2%
Public ways and facilities	36,004	47,021	-	-	36,004	47,021	(11,017)	(23.4%)
Health and sanitation	143,652	143,286	-	-	143,652	143,286	366	0.3%
Public assistance	260,405	248,368	-	-	260,405	248,368	12,037	4.9%
Education	5,521	5,300	-	-	5,521	5,300	221	4.2%
Culture and recreation	2,428	2,266	-	-	2,428	2,266	162	7.2%
Interest expense	449	744	-	-	449	744	(295)	(39.7%)
Solid waste	-	-	11,426	9,067	11,426	9,067	2,359	26.0%
Water/Sewer services	-	-	1,213	1,162	1,213	1,162	51	4.4%
Transit	-	-	3,340	3,454	3,340	3,454	(114)	(3.3%)
Other business-type activities	-	-	15	17	15	17	(2)	(11.8%)
Total expenses	748,586	708,267	15,994	13,700	764,580	721,967	42,613	5.9%
Change in net position before transfers	(9,254)	32,559	3,312	5,797	(5,942)	38,356	(44,298)	(115.5%)
Transfers	302	305	(302)	(305)	-	-	-	0.0%
Change in net position	(8,952)	32,864	3,010	5,492	(5,942)	38,356	(44,298)	(115.5%)
Net position - beginning	1,674,761	1,644,309	43,254	37,730	1,718,015	1,682,039	35,976	2.1%
Prior period adjustment	-	(2,412)	-	32	-	(2,380)	2,380	(100.0%)
Net position - beginning, as restated	1,674,761	1,641,897	43,254	37,762	1,718,015	1,679,659	38,356	2.3%
Net position - ending	$ 1,665,809	$ 1,674,761	$ 46,264	$ 43,254	$ 1,712,073	$ 1,718,015	$ (5,942)	(0.4%)

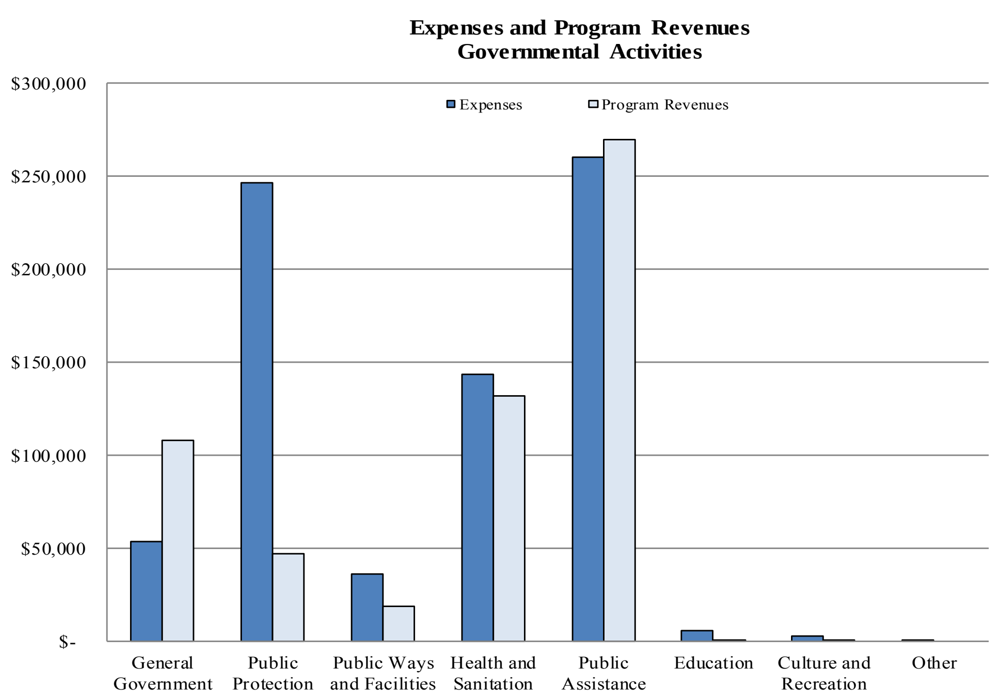
Governmental Activities Governmental activities decreased the County's net position by $8,952 to $1,665,809 for the fiscal year ended June 30, 2017, which indicates these activities did not generate revenues sufficient to cover the cost of operations. Contributing factors are a decrease in charges for services revenue of $21,805 and an increase in public protection expenses of $24,862. The largest source of governmental revenue continues to be operating grants and contributions, which represents 64.6% of all governmental activities revenue.

Key elements of revenues in governmental activities for the fiscal year ended June 30, 2017 are as follows:



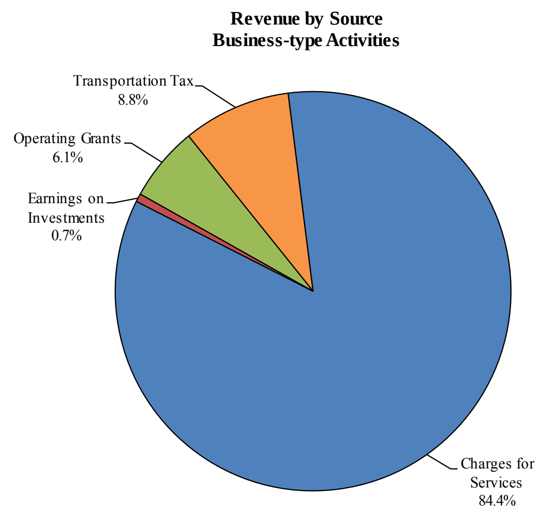
Whereas most governmental activities require some general revenues to cover costs in excess of program revenues, the largest segment of uncovered costs is in the area of public protection.

A comparison of expenses and program revenues for governmental activities for the fiscal year ended June 30, 2017 is as follows:



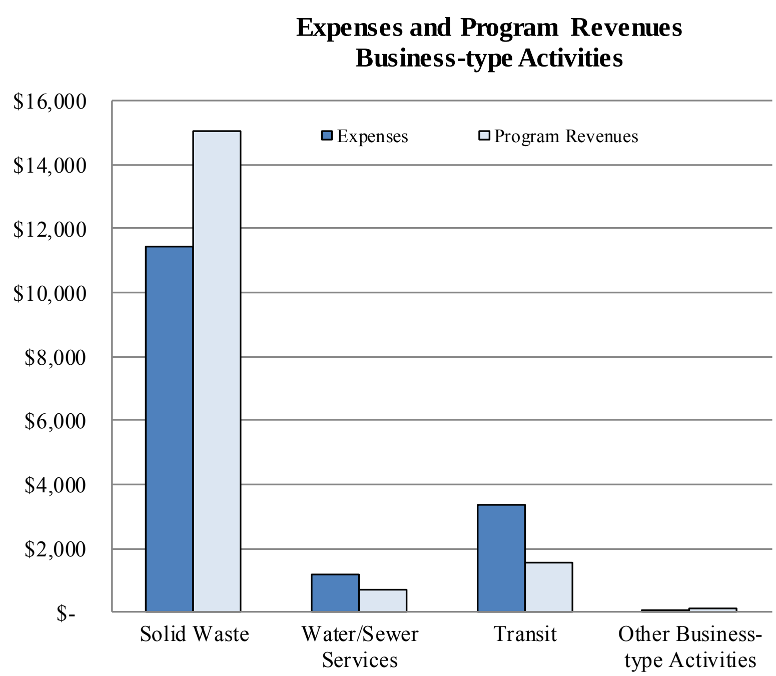
Business-type Activities For the County's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of $46,264. The total increase in net position for business-type activities was $3,010, or 7.0% from the prior fiscal year. The growth is largely attributable to a $1,504 increase in charges for services revenue and a $436 increase in operating grants and contributions. The largest source of business-type revenue continues to be charges for services, which represents 84.4% of all business-type activities revenue.

Key elements of revenues in business-type activities for the fiscal year ended June 30, 2017 are as follows:



Total fee revenues for Solid Waste represents 91.9% of charges for services for business-type activities. Solid Waste's program revenues of $15,045 exceeded its expenses of $11,426. The same situation held true for the prior fiscal year. The primary cause of Solid Waste generating excess revenue was due to a change in the fee structure.

A comparison of expenses and program revenues for business-type activities for the fiscal year ended June 30, 2017 is as follows:



June 30, 2017 (in thousands)

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the County's *governmental funds* is to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Retirement.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $336,423, an increase of $16,146 in comparison with the prior year. Approximately 14.3% of the total fund balances, or $49,235, constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is either nonspendable, restricted, committed, or assigned fund balance to indicate that it is (1) not in spendable form ($7,527), (2) restricted for particular purposes ($205,319), (3) committed for particular purposes ($45,691), or (4) assigned for particular purposes ($28,651).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was $49,238, while total fund balance reached $168,206. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.1% of total General Fund expenditures, while total fund balance represents 27.7% of that same amount.

Spending from the General Fund increased by $11,062, or 1.9%. Contributing factors include a $4,129, or 2.3%, increase in public protection spending primarily due to an increase in general liability insurance premiums and salaries spread fairly evenly among the Sheriff's Department, Fire Department, and Probation Department. There was also a $5,900, or 2.5%, increase in public assistance spending mainly as a result of an increase in spending towards various public assistance projects to help better the surrounding communities, such as municipal well projects and park improvement projects . In addition, there was a $1,653, or 4.8%, increase in general government spending primarily due to salary increases as a result of both merit increases and cost of living adjustments (COLAs).

Proprietary Funds The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of all proprietary funds was $34,835. There was an increase of $3,452, or 9.9%, in total net position for Solid Waste. Other factors concerning the finances of this fund have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget The total change between the original budget and the final amended budget was a decrease of $109, or 0.3%. The most notable change was an increase of $4,945 in the transfers out function to the Solid Waste fund for the closure of the Visalia Waste Management Unit-1 Facility.

Final Budget Compared to Actual Results The variance between the final budget and actual revenue resulted in an increase of $25,595. The most significant differences between estimated revenues and actual revenues were as follows:

Revenues Source	Final Budget	Actual Revenues	Difference
Intergovernmental revenues	$ 325,904	$ 344,418	$ 18,514
Taxes and special assessments	118,092	131,415	13,323
Charges for services	71,637	58,982	(12,655)
Other revenues	7,086	11,844	4,758

June 30, 2017 (in thousands)

- Intergovernmental revenues were more than anticipated primarily as a result of money received from the State Controller's Office to fund the Local Law Enforcement Services Account, as required by Assembly Bill 118 (AB 118) as part of the State realignment. The money received is derived from a combination of vehicle license fees paid on automobile registrations and a Special Fund Sales Tax.
- Taxes and special assessments revenues were higher than anticipated largely due to an increase in assessed property values and sales and use tax.
- Charges for services revenues were less than expected primarily due to less money received from the State Department of Mental Health Care Services for Medi-Cal.
- Other revenues were higher than projected mostly due to welfare advances from the State.

The variance between the final budget and actual expenditures resulted in $81,631 of unspent appropriations. The most significant differences are as follows:

- Health and sanitation expenditures were $25,972 less than projected mainly due to providing medical services to fewer clients than anticipated, as well as unfilled positions in the Health and Human Services Agency (HHSA) related to health and sanitation.
- Public assistance expenditures were $21,915 less than expected predominantly as a result of a reduced need in public assistance from State and Federal, as well as unfilled positions in the HHSA related to providing public assistance.
- Public protection expenditures were $16,226 less than anticipated, which was largely attributable to unfilled positions in the Sheriff's and Probation Departments.
- General government expenditures were $15,470 lower than expected primarily as a result of unspent appropriations for contingencies, and services and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets The County's investment in capital assets for its governmental and business-type activities at current year-end amounts to $1,661,118 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment and vehicles, and construction in progress and infrastructure in progress. The total increase in capital assets for the current fiscal year was $20,283, or 1.2%.

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 942,165	$ 940,050	$ 6,728	$ 6,728	$ 948,893	$ 946,778
Infrastructure	478,110	472,151	-	-	478,110	472,151
Buildings and improvements	139,398	143,310	11,370	12,771	150,768	156,081
Equipment and vehicles	27,769	23,795	2,560	2,710	30,329	26,505
Construction in progress	34,480	8,338	959	204	35,439	8,542
Infrastructure in progress	17,579	30,778	-	-	17,579	30,778
Total	$ 1,639,501	$ 1,618,422	$ 21,617	$ 22,413	$ 1,661,118	$ 1,640,835

Some of the major capital projects completed during the current fiscal year are as follows:

- The Porterville Wellness and Recovery Center project, with a current fiscal year expense of $351.
- The Pre-Trial Rail Enhancement project, with a current fiscal year expense of $183.
- The London Library project, with a current fiscal year expense of $90.

Construction in Progress The County both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related project costs are recorded as construction in progress (CIP). In the year of completion, a project's CIP is allocated to the appropriate capital asset classification(s). In the current fiscal year, CIP had a net increase of $26,897. CIP increases of $28,580 were offset by project completions/disposals of $1,683.

June 30, 2017 (in thousands)

Some of the major project costs that make up the $28,580 increase in CIP are as follows:

- Construction of the South County Detention Facility, with a current fiscal year expense of $25,241.
- Purchase of a building and related remodel expenses for the Visalia Wellness Center, with a current fiscal year expense of $1,211.
- Construction of the Sequoia Field Program Facility, with a current fiscal year expense of $1,156.

Infrastructure in Progress Similar to CIP, when an infrastructure project will be completed in a subsequent fiscal year, related project costs are recorded as infrastructure in progress. In the year of completion, a project's infrastructure in progress is allocated to the appropriate capital asset classification(s). In the current fiscal year, infrastructure in progress had a net decrease of $13,199. Infrastructure in progress increases of $8,939 were offset by project completions/disposals of $22,138.

Some of the major project costs that make up the $8,939 increase in infrastructure in progress are as follows:

- Avenue 416 Road Widening project, with a current fiscal year expense of $3,416.
- Caldwell Avenue to Avenue 280 road widening project, with a current fiscal year expense of $1,755.
- Avenue 196 and Orange Belt Drive Signal Actuation project, with a current fiscal year expense of $1,047.

Buildings and Improvements The County capitalized $1,486 of buildings and improvements, net of $6,799 in related depreciation, for a total decrease of $5,313, or 3.4%.

Infrastructure The County capitalized $22,138 in infrastructure, net of $16,179 in related depreciation, for a total increase of $5,959, or 1.3%.

Additional information on the County's capital assets can be found in Note IV.E of this report.

Long-term Debt At the end of the current fiscal year, the County had total outstanding debt of $38,719. Of this amount, $1,192, or 3.1%, comprises debt for Certificates of Participation (COPs) issued by the Tulare County Public Facilities Corporation for the acquisition or construction of major capital facilities. Another $34,535, or 89.2%, is the outstanding balance of Variable Rate Demand Bonds issued by the Tulare County Public Financing Authority to provide financing for future acquisition and construction of major capital facilities. The remaining balance is for the acquisition of a copier accounted for as a capital lease, and a loan to fund an energy improvement project.

Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Loans payable	$ 2,960	$ 3,459	$ -	$ -	$ 2,960	$ 3,459
Capital leases	27	36	-	-	27	36
Bonds payable	-	-	5	5	5	5
Variable Rate Demand Bonds	34,535	35,545	-	-	34,535	35,545
COPs payable	-	-	1,192	1,236	1,192	1,236
Total outstanding debt	$ 37,522	$ 39,040	$ 1,197	$ 1,241	$ 38,719	$ 40,281

The overall decrease of current fiscal year outstanding debt of the County over the prior fiscal year is $1,562, or 3.9%. The largest reductions occurred with payments of $1,010 against loans and $499 paid against Variable Rate Demand Bonds.

The County maintains a long-term credit rating of A1 Issuer (General Obligation equivalent) by Moody's Investors Service. Constitutional Amendment XIIIA, passed by a vote of the people and effective July 1, 1978, prohibits the County from raising ad valorem property taxes above 1.0% of full cash value. Thus, the legal debt margin of $413,275 is 1.25% of the assessed valuation of $33,062,001. As of June 30, 2017, the County had no tax supported general obligation bonded debt outstanding.

Additional information on the County's long-term debt can be found in Note IV.I of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors currently affect the County and were considered in developing the 2017/18 fiscal year budget:

Today's economic environment continues to expand at a moderate pace. For example, the Nation's economic expansion – based on the annual growth rate – has reached an average of 2.1% growth from 2009 through 2016. The annualized growth rate of the Nation's Gross Domestic Product (GDP) during recent expansions ranged from 4.0% to 7.5%. Compared to the current growth rate of 2.1%, the economy is growing slowly but steadily.

The U.S. Stock Market has exhibited solid gains since the November 2016 presidential elections. The economic data in the first quarter of 2017 was mixed with strong job growth demonstrated by relatively low unemployment rates (U.S. – 4.3%; State – 5.0%; the County – 12.3%). The housing market shows increases in both sales activity (up 9.1%; 610,000 homes sold) and the median sales price ($189). The inflation rate is 2.0% (the Federal Reserve's target) and it is expected to remain steady for the next year.

The Federal Reserve raised interest rates in June 2017, setting the Federal Funds target rate in a range of 1.0% to 1.25%. The reason is that the Federal Reserve expects that economic conditions will evolve in a manner that will warrant gradual increases; and as such, one additional rate hike is projected for this year. Historically, the Federal Reserve increased rates four times during the current economic recovery, namely, December 2015, December 2016, March 2017, and June 2017.

The other message is that of caution. With the U.S. economy entering its ninth year of economic expansion, state policy-makers are planning for the next recession. An economic downturn has historically presented itself in five-year cycles. Thus, the State of California is planning for the next recession by presenting a moderate recession scenario for next fiscal year. Consequently, the State Budget for fiscal year 2017/18 has focused on creating reserves that are more robust, paying down debts and liabilities, and investing in programs serving working families.

Economic challenges for future year projections continue to loom over federal, state, and local governments. The list of uncertainties affecting the County's budget include (1) volatile federal and state revenues; (2) federal and state policy decisions involving healthcare and tax reform; (3) worldwide national security challenges; (4) the rising federal budget deficit; (5) the ever increasing national debt approaching $20,000,000,000 at this time; (6) adverse fluctuations in the stock and securities markets which are currently at an all-time high; (7) likely increasing natural disasters and emergencies such as floods and wildfires; and (8) future financial challenges as considered by the Strategic Financing Plan Committee.

Sketched along this economic, financial and regulatory landscape, the County continues to implement prudent financial budget strategies by formulating an annual spending plan (budget) that follows the principles of (1) fiscal sustainability; (2) revenue-generating opportunities embracing entrepreneurial government; (3) financial feasibility of departmental budget requests by emphasizing one-time spending allocations; (4) strategic alignment of budgetary spending with articulated goals and objectives in departmental budgets; (5) estimating budget revenue within reasonable limits; and (6) bolstering reserves and contingencies.

For calendar year 2016, the County continues to be a leader in national agricultural production with a total gross of over $6,300,000, a decrease of 8.8% below the prior year. Dairy milk and milk products had a total gross value of $1,600,000, making the County the top dairy producer in the Nation. The County's agricultural strength is based on the diversity of the crops produced. Although individual commodities may experience difficulties from year to year, the County continues to produce high-quality crops that provide food and fiber to more than 90 countries throughout the world.

On June 27, 2017, Governor Brown signed the balanced fiscal year 2017/18 Budget Act into law, spending $183,200,000 from the General Fund, Special Funds, and Bond Funds. State General Fund appropriations total $125,100,000, $3,600 higher than the enacted fiscal year 2016/17 budget. As such, the State Budget addresses the Governor's key priorities: maintaining fiscal prudence; paying down debts and liabilities; investing in education; counteracting the effects of poverty; and improving streets, roads, and transportation infrastructure statewide.

The enacted budget made policy decisions and implemented program reductions. Of significant concern to counties is the dismantling of the Coordinated Care Initiative (CCI) that affected the In-Home Support Services (IHSS) Maintenance of Effort (MOE), thereby shifting increased costs to counties. The Governor's budget also implements cuts from the Cal Works Single Allocation. The anticipated impacts at the county level are yet to be identified at this time.

In addition to the standard budget bill, over a dozen trailer bills addressed significant policies ranging from cannabis regulation, employee orientation mandates, immigration detention, and concluding drought response activities. Notably, the State Budget augments the Rainy Day Fund by $1,800,000 bringing the fund to a total $8,500,000, or 66.0% of its constitutional target of $12,500,000.

The County's fiscal year 2017/18 Recommended Budget for all funds totals $1,200,000, an increase of $50,500, or 4.3%, when compared to the fiscal year 2016/17 Adopted Budget. The budget supports a workforce of 5,004 positions and reflects a net increase of 59 positions.

The fiscal year 2017/18 Recommended Budget implements the County's Strategic Business Plan to address strategic and operational opportunities and responsibilities. Workers' Compensation (WC) increased by $2,000 to $15,200. WC premiums have increased $2,000 annually for the past five fiscal years since fiscal year 2013/14. In doing so, the County has been able to reduce the WC Fund deficit of $8,543 in fiscal year 2015/16 to the projected $8,300 in fiscal year 2017/18.

The County successfully negotiated with various labor unions and entered the first year of two-year labor agreements with its employees, providing cost of living increases and specific equity adjustments. The Recommended Budget provides funding for mandated and essential services, County programs, infrastructure and capital needs, equipment maintenance and replacement, building County reserves, and maintaining a contingency fund. It also adheres to the County Budget Act, County Administrative Regulations, and the County's Financial Policies.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 221 S. Mooney Boulevard, Room 101-E, Visalia, California 93291. The County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017, can also be found at the County's website: http://tularecounty.ca.gov/auditorcontroller/.

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Basic Financial Statements

COUNTY OF TULARE
Statement of Net Position
June 30, 2017 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Tulare County
ASSETS				
Cash in banks	$ 558	$ 457	$ 1,015	$ 452
Investment in treasury pool	406,109	26,637	432,746	5,920
Investments	1,417	-	1,417	-
Imprest cash	572	3	575	-
Receivable (net of allowance for uncollectibles)				
Accounts	10,026	2,015	12,041	493
Taxes	284	-	284	-
Deposits with others	-	-	-	6
Due from other governments	27,905	603	28,508	-
Internal balances	1,089	(1,089)	-	-
Prepaid items	3,374	-	3,374	18
Advances to other funds	205	-	205	-
Notes receivable	20,336	-	20,336	-
Inventories	223	-	223	-
Restricted assets	58,062	44,806	102,868	-
Capital assets, not being depreciated/amortized	994,223	7,687	1,001,910	-
Capital assets, net of accumulated depreciation/amortization	645,278	13,930	659,208	8
Total assets	2,169,661	95,049	2,264,710	6,897
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	187,623	1,228	188,851	-
Total deferred outflows of resources	187,623	1,228	188,851	-
LIABILITIES				
Accounts payable	39,756	1,584	41,340	1,424
Due to other governments	47,429	-	47,429	-
Deposits from others	285	61	346	-
Salaries and benefits payable	9,159	177	9,336	16
Advances	41,718	8,686	50,404	-
Interest payable	321	-	321	-
Total current liabilities	138,668	10,508	149,176	1,440
Noncurrent liabilities - Due within one year				
Claims payable	6,424	-	6,424	-
Compensated absences	2,832	20	2,852	-
Loans payable	518	-	518	-
Bonds payable	1,110	-	1,110	-
Certificates of participation (COPs) payable	-	45	45	-
Capital lease	9	-	9	-
Noncurrent liabilities - Due in more than one year				
Claims payable	26,693	-	26,693	-
Net other postemployment benefit (OPEB) obligation	17,402	-	17,402	-
Compensated absences	19,981	233	20,214	23
Closure/post closure costs payable	-	35,263	35,263	-
Loans payable	2,442	-	2,442	-
Bonds payable	33,425	5	33,430	-
Certificates of participation (COPs) payable	-	1,147	1,147	-
Capital lease	18	-	18	-
Net pension liability	395,947	2,592	398,539	-
Total noncurrent liabilities	506,801	39,305	546,106	23
Total liabilities	645,469	49,813	695,282	1,463
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	15,341	-	15,341	-
Deferred pensions	30,665	200	30,865	-
Total deferred inflows of resources	46,006	200	46,206	-

Continued

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Statement of Net Position (continued)
June 30, 2017 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 Tulare County
NET POSITION				
Net investment in capital assets	1,636,514	20,420	1,656,934	8
Restricted for				
Debt service	24,221	-	24,221	-
Roads projects	34,229	-	34,229	-
Low and moderate income housing	9	-	9	-
Public protection	26,584	-	26,584	-
Education	2,511	-	2,511	-
Health and sanitation	74,056	-	74,056	-
Public assistance	8,272	-	8,272	-
Landfill ground water contingencies	-	5,016	5,016	-
Acquisition of future disposal site	-	2,985	2,985	-
Landfill closure	-	1,087	1,087	
Other purposes	11,096	-	11,096	-
Unrestricted	(151,683)	16,756	(134,927)	5,426
Total net position	$ 1,665,809	$ 46,264	$ 1,712,073	$ 5,434

Concluded

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Statement of Activities
For the Fiscal Year Ended June 30, 2017 (in thousands)

		Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	First 5 Tulare County
Governmental activities							
General government	$ 53,525	$ 30,514	$ 77,464	$ 54,453	$ -	$ 54,453	$ -
Public protection	246,602	19,429	27,613	(199,560)	-	(199,560)	-
Public ways and facilities	36,004	3,506	15,169	(17,329)	-	(17,329)	-
Health and sanitation	143,652	36,499	95,052	(12,101)	-	(12,101)	-
Public assistance	260,405	7,606	262,145	9,346	-	9,346	-
Education	5,521	186	96	(5,239)	-	(5,239)	-
Culture and recreation	2,428	296	-	(2,132)	-	(2,132)	-
Interest expense	449	-	-	(449)	-	(449)	-
Total governmental activities	748,586	98,036	477,539	(173,011)	-	(173,011)	-
Business-type activities							
Solid waste	11,426	14,973	72	-	3,619	3,619	-
Water/Sewer services	1,213	727	-	-	(486)	(486)	-
Transit	3,340	476	1,100	-	(1,764)	(1,764)	-
Other business-type activities	15	124	-	-	109	109	-
Total business-type activities	15,994	16,300	1,172	-	1,478	1,478	-
Total primary government	$ 764,580	$ 114,336	$ 478,711	$ (173,011)	$ 1,478	$ (171,533)	$ -
Component unit							
First 5 Tulare County	$ 6,167	$ -	$ 4,891				(1,276)
Total component unit	$ 6,167	$ -	$ 4,891				(1,276)
General revenues							
Taxes							
Property taxes, levied for general purposes				110,457	-	110,457	-
Property taxes, levied for flood control				615	-	615	-
Property taxes, levied for fire protection				8,514	-	8,514	-
Property taxes, levied for library				4,275	-	4,275	-
Sales and other taxes				35,976	1,704	37,680	-
Earnings on investments				-	130	130	16
Miscellaneous				-	-	-	2
Tobacco settlement revenues				3,920	-	3,920	-
Transfers				302	(302)	-	-
Total general revenues and transfers				164,059	1,532	165,591	18
Change in net position				(8,952)	3,010	(5,942)	(1,258)
Net position - beginning				1,674,761	43,254	1,718,015	6,692
Net position - ending				$ 1,665,809	$ 46,264	$ 1,712,073	$ 5,434

The notes to the financial statements are an integral part of this statement.

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COUNTY OF TULARE
Governmental Funds
Balance Sheet
June 30, 2017 (in thousands)

	General Fund	Public Facilities Corporation	Public Financing Authority	Realignment-Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash in banks	$ 275	$ -	$ -	$ -	$ 283	$ 558
Investment in treasury pool	252,183	93	-	27,368	91,411	371,055
Investments	-	-	1,417	-	-	1,417
Imprest cash	71	-	-	-	1	72
Receivable (net of allowance for uncollectibles)						
Accounts	4,315	-	74	-	2,870	7,259
Taxes	284	-	-	-	-	284
Due from other funds	-	-	-	-	100	100
Due from other governments	18,731	-	-	-	8,443	27,174
Prepaid items	2,805	-	-	-	499	3,304
Advances to other funds	1,482	-	-	-	32	1,514
Notes receivable	4,000	-	-	-	16,336	20,336
Inventories	-	-	-	-	223	223
Restricted assets	-	-	58,062	-	-	58,062
Total assets	$ 284,146	$ 93	$ 59,553	$ 27,368	$ 120,198	$ 491,358
LIABILITIES						
Accounts payable	$ 21,287	$ -	$ -	$ -	$ 13,347	$ 34,634
Due to other governments	44,653	-	-	-	2,776	47,429
Deposits from others	228	57	-	-	-	285
Salaries and benefits payable	6,104	-	-	-	2,009	8,113
Advances	38,564	-	-	-	2,578	41,142
Advances from other funds	-	-	-	-	220	220
Total liabilities	110,836	57	-	-	20,930	131,823
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue-special assessments	5,104	-	-	-	18,008	23,112
Total deferred inflows of resources	5,104	-	-	-	18,008	23,112
FUND BALANCES						
Nonspendable	6,805	-	-	-	722	7,527
Restricted	52,072	36	56,053	27,368	69,790	205,319
Committed	39,359	-	-	-	6,332	45,691
Assigned	20,732	-	3,500	-	4,419	28,651
Unassigned	49,238	-	-	-	(3)	49,235
Total fund balances	168,206	36	59,553	27,368	81,260	336,423
Total liabilities, deferred inflows of resources, and fund balances	$ 284,146	$ 93	$ 59,553	$ 27,368	$ 120,198	$ 491,358

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017 (in thousands)

Total fund balances for governmental funds		$ 336,423
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Those assets, including those reported in internal service funds, consist of:		
Land	$ 942,165	
Buildings and improvements, net of $93,305 accumulated depreciation	139,398	
Equipment and vehicles, net of $69,333 accumulated depreciation	27,769	
Infrastructure, net of $312,276 accumulated depreciation	478,110	
Construction in progress	34,480	
Infrastructure in progress	17,579	
Total capital assets		1,639,501
The future revenue resulting from the delay in reimbursements from the State for mandated programs (Senate Bill-90) is categorized as deferred for fund statements because the funds will not be available for more than one year.		2,602
Tobacco Settlement revenue, delinquent property tax penalties, and delinquent code violation fines are categorized as deferred inflows of resources for fund statements because the revenues will not be available to liquidate liabilities of the current period. However, the revenue is recognized for the government-wide statements.		3,113
Agricultural Commissioner deferred inflows of resources from farmer fees; revenues were already recognized in government-wide statements in prior year.		2,056
Long-term liabilities applicable to the County's governmental funds are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, instead it is recognized as an expenditure when due. All liabilities are reported in the statement of net position. Balances, including those reported in internal service funds, at June 30 are:		
Accrued interest on debt	(321)	
Capital leases payable	(27)	
Loans payable	(2,960)	
Bonds payable	(34,535)	
Claims payable	(33,117)	
Net other postemployment benefit (OPEB) obligation	(17,402)	
Compensated absences	(22,813)	
Net pension liability and related deferred inflows/outflows of resources	(238,989)	
Total long-term liabilities		(350,164)
Internal service funds are used by the County to charge the costs of various central services to individual funds. The assets (except capital assets included above) and liabilities (except long-term liabilities included above) of the internal service funds are included in governmental activities in the statement of net position.		32,278
Total net position of governmental activities		$ 1,665,809

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017 (in thousands)

	General Fund	Public Facilities Corporation	Public Financing Authority	Realignment-Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and special assessments	$ 131,415	$ -	$ -	$ -	$ 28,422	$ 159,837
Licenses and permits	10,930	-	-	-	13	10,943
Fines, forfeitures, and penalties	5,535	-	-	-	1,982	7,517
Interest, rents, and concessions	1,928	45	855	-	522	3,350
Intergovernmental revenues	344,418	-	-	76,278	57,215	477,911
Charges for services	58,982	-	-	-	4,627	63,609
Other revenues	11,844	-	-	-	4,372	16,216
Total revenues	565,052	45	855	76,278	97,153	739,383
EXPENDITURES						
Current						
General government	36,357	-	-	-	7,861	44,218
Public protection	183,840	-	-	-	31,776	215,616
Public ways and facilities	85	-	-	-	17,320	17,405
Health and sanitation	136,392	-	-	-	4	136,396
Public assistance	239,949	-	-	-	11,455	251,404
Education	689	-	-	-	4,201	4,890
Culture and recreation	1,658	-	-	-	-	1,658
Debt service						
Principal retirement	-	19	1,010	-	500	1,529
Interest and fiscal charges	6	26	388	-	124	544
Capital outlay	8,553	-	-	-	41,814	50,367
Total expenditures	607,529	45	1,398	-	115,055	724,027
Excess (deficiency) of revenues over (under) expenditures	(42,477)	-	(543)	76,278	(17,902)	15,356
OTHER FINANCING SOURCES (USES)						
Sale of general capital assets	216	-	-	-	80	296
Transfers in	99,526	-	3,920	942	38,041	142,429
Transfers (out)	(35,570)	-	(3,500)	(76,590)	(26,275)	(141,935)
Total other financing sources (uses)	64,172	-	420	(75,648)	11,846	790
Net change in fund balances	21,695	-	(123)	630	(6,056)	16,146
Fund balances - beginning	146,511	36	59,676	26,738	87,316	320,277
Fund balances - ending	$ 168,206	$ 36	$ 59,553	$ 27,368	$ 81,260	$ 336,423

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2017 (in thousands)

Net change in fund balances - total governmental funds		$ 16,146
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense differs from capital outlay expenditures in the current period.		
Capital outlay expenditures	$ 50,367	
Depreciation expense	(28,330)	
Combined adjustment		22,037
Governmental funds report proceeds or losses from the sale of capital assets as revenues when received. However, in the statement of activities, proceeds of the sale must be offset by the book value of the asset sold (or otherwise disposed of) to determine a gain or loss on disposition. This is the book value of the capital assets sold in the current period.		(422)
Governmental funds report the future resources as the result of delayed collection of reimbursements from the State for mandated programs (SB-90) as a deferred inflow of resources because the delay will exceed one year. However, for government-wide statements, the revenue is recognized when earned.		(22)
Tobacco Settlement revenue, delinquent property tax penalties, and delinquent code violation fines are categorized as deferred for fund statements because the revenues will not be available to liquidate liabilities of the current period. However, for government-wide statements, the revenue is recognized when earned.		(174)
Current year collections of previously delayed reimbursements for Agricultural Commissioner programs are reported as current year revenue for governmental funds. However, for government-wide statements, current year collections cannot be recognized a second time.		39
Governmental funds report the principal portion of debt service payments as expenditures. However, repayment of principal reduces long-term liabilities on the statement of net position and has no effect on the statement of activities.		1,509
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis of accounting, expenses and liabilities are reported when amounts are due and payable. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes for the current period.		
Compensated absences	(1,179)	
Amortization of pension assets	(42,271)	
Amortization of net OPEB obligation	(1,609)	
Accrued interest on debt	20	
Combined adjustment		(45,039)
Internal service funds are used by the County to charge the costs of various insurance coverage and central services to individual funds. The net cost of internal service funds is reported with the governmental funds.		(3,026)
Changes in net position		$ (8,952)

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	$ 118,092	$ 118,092	$ 131,415	$ 13,323
Licenses and permits	9,913	9,913	10,930	1,017
Fines, forfeitures, and penalties	4,306	4,306	5,535	1,229
Interest, rents, and concessions	1,387	2,519	1,928	(591)
Intergovernmental revenues	319,875	325,904	344,418	18,514
Charges for services	68,952	71,637	58,982	(12,655)
Other revenues	4,237	7,086	11,844	4,758
Total revenues	526,762	539,457	565,052	25,595
EXPENDITURES				
Current				
General government	53,083	51,827	36,357	15,470
Public protection	197,402	200,066	183,840	16,226
Public ways and facilities	87	87	85	2
Health and sanitation	158,418	162,364	136,392	25,972
Public assistance	260,199	261,864	239,949	21,915
Education	861	876	689	187
Culture and recreation	1,492	1,465	1,658	(193)
Debt service				
Interest and fiscal charges	160	160	6	154
Capital outlay	5,426	10,451	8,553	1,898
Total expenditures	677,128	689,160	607,529	81,631
Deficiency of revenues under expenditures	(150,366)	(149,703)	(42,477)	107,226
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	225	225	216	(9)
Transfers in	171,499	175,672	99,526	(76,146)
Transfers (out)	(56,251)	(61,196)	(35,570)	25,626
Total other financing sources (uses)	115,473	114,701	64,172	(50,529)
Net change in fund balances	(34,893)	(35,002)	21,695	56,697
Fund balances - beginning	146,511	146,511	146,511	-
Fund balances - ending	$ 111,618	$ 111,509	$ 168,206	$ 56,697

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Realignment – Social Services Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	$ 77,463	$ 77,463	$ 76,278	$ (1,185)
Total revenues	77,463	77,463	76,278	(1,185)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	77,463	77,463	76,278	(1,185)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,675	1,675	942	(733)
Transfers (out)	(81,432)	(82,032)	(76,590)	5,442
Total other financing sources (uses)	(79,757)	(80,357)	(75,648)	4,709
Net change in fund balance	(2,294)	(2,894)	630	3,524
Fund balance - beginning	26,738	26,738	26,738	-
Fund balance - ending	$ 24,444	$ 23,844	$ 27,368	$ 3,524

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Proprietary Funds
Statement of Net Position
June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Enterprise	Total	Internal Service Funds
ASSETS				
Current assets				
Cash in banks	$ 332	$ 125	$ 457	$ -
Investment in treasury pool	13,687	12,950	26,637	35,054
Imprest cash	3	-	3	500
Accounts receivable (net of allowance for uncollectibles)	1,772	243	2,015	2,767
Prepaid items	-	-	-	70
Due from other governments	-	603	603	731
Total current assets	15,794	13,921	29,715	39,122
Noncurrent assets				
Restricted assets	44,790	16	44,806	-
Capital assets				
Land	6,116	612	6,728	-
Buildings and improvements, net	8,025	3,345	11,370	9
Equipment and vehicles, net	1,710	850	2,560	2,645
Construction in progress	-	959	959	-
Total capital assets	15,851	5,766	21,617	2,654
Total noncurrent assets	60,641	5,782	66,423	2,654
Total assets	76,435	19,703	96,138	41,776
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	1,127	101	1,228	9,276
Total deferred outflows of resources	1,127	101	1,228	9,276
LIABILITIES				
Current liabilities				
Accounts payable	1,106	478	1,584	5,122
Due to other funds	-	-	-	100
Deposits from others	-	61	61	-
Salaries and benefits payable	170	7	177	1,046
Compensated absences payable	20	-	20	83
Claims payable	-	-	-	6,424
Certificates of participation (COPs) payable	-	45	45	-
Total current liabilities	1,296	591	1,887	12,775
Noncurrent liabilities				
Compensated absences payable	227	6	233	1,345
Advances	-	8,686	8,686	576
Advances from other funds	-	1,089	1,089	-
Closure/post closure costs payable	35,263	-	35,263	-
Claims payable	-	-	-	26,693
Bonds payable	-	5	5	-
Certificates of participation (COPs) payable	-	1,147	1,147	-
Net pension liability	2,379	213	2,592	19,577
Total noncurrent liabilities	37,869	11,146	49,015	48,191
Total liabilities	39,165	11,737	50,902	60,966
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	184	16	200	1,515
Total deferred inflows of resources	184	16	200	1,515
NET POSITION				
Net investment in capital assets	15,851	4,569	20,420	2,654
Restricted for				
Landfill ground water contingencies	5,000	16	5,016	-
Acquisition of future disposal site	2,985	-	2,985	-
Landfill closure	1,087	-	1,087	-
Unrestricted	13,290	3,466	16,756	(14,083)
Total net position	$ 38,213	$ 8,051	$ 46,264	$ (11,429)

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			
	Solid Waste	Nonmajor Enterprise	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 13,972	$ 996	$ 14,968	$ 60,908
Interest, rents, and concessions	18	3	21	-
Other revenues	983	328	1,311	9,282
Total operating revenues	14,973	1,327	16,300	70,190
OPERATING EXPENSES				
Salaries and benefits	2,780	131	2,911	19,527
Services and supplies	7,090	3,613	10,703	34,477
Insurance premiums paid	-	-	-	6,427
Landfill closure and post closure costs	(38)	-	(38)	-
Depreciation	1,591	754	2,345	478
Claims incurred	-	-	-	12,380
Total operating expenses	11,423	4,498	15,921	73,289
Operating income (loss)	3,550	(3,171)	379	(3,099)
NONOPERATING REVENUES (EXPENSES)				
Loss on sale of capital assets	(3)	-	(3)	(155)
Intergovernmental revenues	72	1,100	1,172	219
Penalties collected	-	6	6	-
Taxes and special assessments	-	1,698	1,698	-
Investment earnings (expenses)	135	(5)	130	106
Interest expense	-	(70)	(70)	95
Total nonoperating revenues (expenses)	204	2,729	2,933	265
Income (loss) before transfers	3,754	(442)	3,312	(2,834)
Transfers in	-	-	-	197
Transfers (out)	(302)	-	(302)	(389)
Change in net position	3,452	(442)	3,010	(3,026)
Net position - beginning	34,761	8,493	43,254	(8,403)
Net position - ending	$ 38,213	$ 8,051	$ 46,264	$ (11,429)

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			
	Solid Waste	Nonmajor Enterprise	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 13,957	$ 929	$ 14,886	$ (2,020)
Receipts from interfund services provided	109	354	463	60,511
Receipts from rents and concessions	18	3	21	-
Other receipts	983	177	1,160	8,681
Payments to employees	(2,634)	(121)	(2,755)	(18,308)
Payments to suppliers	(5,666)	(2,409)	(8,075)	(30,610)
Payments for interfund services used	(1,751)	(663)	(2,414)	(6,800)
Payments for claims	-	-	-	(10,651)
Net cash provided (used) by operating activities	5,016	(1,730)	3,286	803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Subsidy from intergovernmental entities	72	1,100	1,172	219
Receipts from taxes and assessments	-	1,704	1,704	-
Transfers from other funds	(4,048)	-	(4,048)	197
Transfers to other funds	(264)	-	(264)	(389)
Advance from other funds	-	150	150	-
Advance to other funds	-	-	-	531
Net cash provided (used) by noncapital financing activities	(4,240)	2,954	(1,286)	558
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sales of capital assets	(3)	2	(1)	(100)
Purchases of capital assets	(784)	(767)	(1,551)	(6)
Principal paid on capital debt	-	(44)	(44)	-
Long term advance proceeds	-	53	53	-
Interest paid on capital debt	-	(70)	(70)	95
Net cash used by capital and related financing activities	(787)	(826)	(1,613)	(11)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings (expenses)	135	(5)	130	106
Net cash provided (used) by investing activities	135	(5)	130	106
Net increase in cash and cash equivalents	124	393	517	1,456
Cash and cash equivalents - beginning	58,688	12,698	71,386	34,098
Cash and cash equivalents - ending	$ 58,812	$ 13,091	$ 71,903	$ 35,554

Continued

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Proprietary Funds
Statement of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste	Nonmajor Enterprise	Total	Internal Service Funds
Displayed as				
Cash in banks	$ 332	$ 125	$ 457	$ -
Investment in treasury pool	13,687	12,950	26,637	35,054
Imprest cash	3	-	3	500
Restricted assets which are cash equivalents	44,790	16	44,806	-
Total cash displayed	$ 58,812	$ 13,091	$ 71,903	$ 35,554
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 3,550	$ (3,171)	$ 379	$ (3,099)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Landfill closure and post closure costs	(38)	-	(38)	-
Depreciation expense	1,591	754	2,345	478
(Increase) decrease in accounts receivable	64	(67)	(3)	(2,752)
(Increase) decrease in intergovernmental receivables	-	(151)	(151)	(601)
(Increase) decrease in due from other funds	30	354	384	235
(Increase) decrease in due to other funds	-	-	-	100
(Increase) decrease in prepaid items	-	-	-	(70)
Increase (decrease) in accounts payable	(327)	541	214	3,564
Increase (decrease) in deferred pension	(541)	(55)	(596)	(4,544)
Increase (decrease) in net pension liability	628	83	711	5,568
Increase (decrease) in salaries and benefits payable and compensated absences	59	(18)	41	195
Increase (decrease) in claims payable	-	-	-	1,729
Total adjustments	1,466	1,441	2,907	3,902
Net cash provided (used) by operating activities	$ 5,016	$ (1,730)	$ 3,286	$ 803
Schedule of non-cash capital and related finance activities				
Contributions of capital assets	$ -	$ -	$ -	$ -

Concluded

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2017 (in thousands)

	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash in bank	$ 35	$ -	$ 4,289
Investment in treasury pool	891,723	388	41,854
Accounts receivable (net of allowance for uncollectibles)	1,894	-	99
Notes receivable	800	-	-
Prepaid items	26	-	2,386
Deposits with others	-	216	-
Due from other governments	1,800	1,059	1,533
Capital assets			
Infrastructure	-	2,282	-
Total capital assets (net of accumulated depreciation)	-	2,282	-
Total assets	896,278	3,945	50,161
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	862	-	-
Total deferred outflows of resources	862	-	-
LIABILITIES			
Accounts payable	11,214	-	18,129
Due to other governments	1,315	1,059	4,896
Advances from other funds	173	32	-
Note payable	-	4,909	-
Agency obligations	-	-	27,136
Net pension liability	1,806	-	-
Total liabilities	14,508	6,000	$ 50,161
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	140	-	-
Total deferred inflows of resources	140	-	$ -
NET POSITION			
Net position held in trust for pension benefits and other purposes	$ 882,492	$ (2,055)	

The notes to the financial statements are an integral part of this statement.

COUNTY OF TULARE
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Contributions to pooled investments	$ 5,258,913	$ 499
Investment income	1,385	-
Total additions	5,260,298	499
DEDUCTIONS		
Distributions from pooled investments	5,204,949	833
Total deductions	5,204,949	833
Change in net position	55,349	(334)
Net position - beginning	827,143	(1,721)
Net position - ending	$ 882,492	$ (2,055)

The notes to the financial statements are an integral part of this statement.

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Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. THE FINANCIAL REPORTING ENTITY

The County of Tulare (the County) is a general law political subdivision of the State of California (the State) and as such can exercise the powers specified by the Constitution and laws of the State. An elected five member Board of Supervisors (the Board) governs the County. As required by Generally Accepted Accounting Principles (GAAP) in the United States of America, the accompanying financial statements present the County and its component units.

Component Units Component units are legally separate organizations for which the elected officials of the County are either financially accountable or for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the County's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

In conformity with GAAP, the financial statements of five component units have been included and combined with financial data of the County. Four component units have an integral relationship with and serve as an extension of the County. Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14,* management has determined that each entity is presented as a blended component unit due to the composition of each governing board and the control of the day-to-day activities through the budget process. One component unit is presented discretely.

Blended Component Units The Terra Bella Sewer Maintenance District, the Flood Control District, the Public Facilities Corporation, and the Public Financing Authority are entities legally separate from the County. For financial reporting purposes, these entities are considered component units and their individual financial information is presented as part of the County's operations. The blended component units discussed herein have a June 30 year-end.

- *Terra Bella Sewer Maintenance District* – The Terra Bella Sewer Maintenance District (TBSMD) is an entity legally separate from the County. However, the County Board serves as the governing board of the TBSMD and has control over the day-to-day operations of the TBSMD through budget approvals. For financial reporting purposes, the TBSMD is reported as if it were part of the County's operations. The TBSMD is operated by the County's Resource Management Agency and its Engineering Division. The purpose of the TBSMD is to develop, expand, and maintain the TBSMD Wastewater Treatment and Disposal facility. The TBSMD's financial information is included as an enterprise fund.

- *Flood Control District* – The members of the governing board of the Flood Control District (FCD), an entity legally separate from the County, are members of the County's Board and have control over the day-to-day operations of the FCD through budget approvals. For financial reporting purposes, the FCD is reported as if it were part of the County's operations. The FCD's primary responsibility is to provide flood control related services to the residents of the County. The FCD's financial information is included as a special revenue fund accounting for reimbursement for flood control related services and projects within the County.

- *Public Facilities Corporation* – The board members of the Public Facilities Corporation (PFC), a nonprofit public benefit corporation, which is legally separate from the County, are appointees of the County's Board that can impose its will upon the PFC by its authority to remove the PFC board members. For financial reporting purposes, the PFC is reported as if it were part of the County's operations as it serves to assist the County by acquiring equipment and facilities financed by the proceeds of borrowings. The equipment and facilities are then leased to the County. The PFC's financial information is included as a major governmental fund.

- *Public Financing Authority* – The Public Financing Authority (PFA), which is legally separate from the County, was established through a Joint Exercise of Powers Agreement between the County and the County Redevelopment Agency. The County Board serves as the governing board of the PFA. For financial reporting purposes, the PFA is reported as if it were part of the County's operations as it serves to assist the County through borrowings, which are used for the acquisition and construction of public capital improvements and the repair and maintenance thereof. Lease payments to the PFA are payable through the County. The PFA's financial information is included as a major governmental fund.

Discretely Presented Component Unit The members of the governing board of the First 5 Tulare County (F5TC), an entity legally separate from the County, are appointees of the County's Board that can impose its will upon the F5TC through the approval of the F5TC's annual budget by its authority to remove the F5TC board members, and to hire or dismiss management. The F5TC was created by County Ordinance No. 3217 on December 8, 1998. The purpose of the F5TC is to develop, promote, and implement local early childhood development programs administered by the California Children and Families First Commission. For financial reporting purposes, the F5TC is discretely presented because the resources of the F5TC are not used to support County operations. Complete audited financial statements for the F5TC are available at the County Auditor-Controller's Office, 221 S. Mooney Boulevard, Room 101-E, Visalia, California 93291.

B. FINANCIAL STATEMENT PRESENTATION

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* the financial statements consist of the following:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements.

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund intra-function activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. The statement of activities presents program or function revenues and expenses of governmental activities and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for services. In the statement of activities, internal service funds' revenues and expenses related to interfund services have been eliminated. Revenues and expenses related to services provided to external customers have not been eliminated and are presented within governmental activities.

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, culture and recreation, and interest expense. The business-type activities of the County include solid waste, water and sewer services, transit, and other business-type activities.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Solid Waste, Transit, Terra Bella Sewer Maintenance District, Assessment Districts, County Service Area #1, and County Service Area #2 enterprise funds and the County's internal service funds are charges to customers for sales and services; interest, rents, and concessions; and other revenues. Operating expenses for enterprise funds and internal service funds include salaries and benefits, services and supplies, insurance premiums paid, landfill closure and post closure costs, depreciation of capital assets, and claims incurred. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. The basis of accounting determines when transactions and economic events are reflected in the financial statements. Measurement focus identifies which transactions and events should be recorded.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with the exception of agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The County legally adopts an annual budget for the General, special revenue, debt service, and capital projects funds. The TBSMD and FCD each adopt an annual budget. The PFC and PFA do not adopt budgets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers expenditure-driven grant revenues available if they are collected within one year. All other revenues are considered available if they are collected within 90 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are due and payable.

Property taxes, franchise taxes, licenses, interest, and special assessments are susceptible to accrual. Property tax revenues recognized are only those levied for the current fiscal year that have been collected or expect to be collected within 60 days after fiscal year-end. Sales taxes collected and held by the State at year-end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grant revenues are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and reimbursement is expected within one year.

The County reports the following major individual governmental funds:

> The *General Fund* is the County’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
>
> The *Public Facilities Corporation (PFC)* accounts for the activities of the PFC that assists the County by acquiring equipment and facilities financed from the proceeds of borrowing. Such equipment and facilities are leased to the County.
>
> The *Public Financing Authority (PFA)* accounts for the activities of the PFA, which assists the County through borrowings, which are used for construction, acquisition, and/or maintenance of capital assets.
>
> The *Realignment-Social Services Fund* is a state mandated fund that accounts for the County match, sales tax revenues, and transfer to/from the General Fund for certain welfare program expenditures. The primary source of revenue are state funds.

Additionally, the County reports the following governmental fund types:

The s*pecial revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including private-purpose funds or major capital projects).

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or permanent funds.

The *capital projects fund* accounts for all major maintenance, improvements, acquisition, or construction of capital assets not being financed by proprietary funds.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The County reports the Solid Waste Fund as its only major individual proprietary fund.

The *Solid Waste Fund* is an enterprise fund that is used to account for the operation, maintenance, and development of various landfill and disposal sites for solid waste, and to prepare for future closure and post closure expenses.

Additionally, the County reports the following proprietary fund types:

The e*nterprise funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The activity is financed with debt secured solely by a pledge of net revenues of the activity, or laws or regulations require that the cost of providing services be recovered through fees and charges.

The *internal service funds* are used to account for operations that provide mailroom, motor pool, print shop, utilities, custodial and maintenance, data processing, telecommunications, and insurance services to other funds, departments, or agencies of the County and its component units, or to other governments, on a cost-reimbursement basis. An internal service fund operates in a manner similar to an enterprise fund, but is used when the reporting government itself is the predominant participant in the fund.

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the County under the terms of a formal trust agreement.

The County reports the following fiduciary fund types:

The *investment trust funds* are used to account for assets held for external investment pool participants, such as schools and local special districts, and present changes in financial position. Investment trust funds are accounted for on the economic resources measurement focus and use the accrual basis of accounting.

The *private–purpose trust funds* are used by the County to report trust arrangements under which principal and income benefit other governments. These funds report the assets, liabilities, and activities of the Tulare County Redevelopment Successor Agency (Successor Agency).

The a*gency funds* are custodial in nature and do not present changes in financial position or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds, including Property Tax Collection and Apportionment, State Fines Agency, Transportation Tax, Employee Health Benefits, Education Revenue Augmentation, and Other Agency, account for assets held by the County in an agency capacity for individuals, private organizations, or other governments.

D. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

The following GASB Statements have been implemented in the current financial statements:

- **GASB Statement No. 74** – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions of GASB Statement No. 74 are effective for financial statements beginning after June 15, 2016. The County implemented this change for the fiscal year ended June 30, 2017.

- **GASB Statement No. 77** – *Tax Abatement Disclosures*. The provisions of GASB Statement No. 77 are effective for financial statements beginning after December 15, 2015. The County implemented this change for the fiscal year ended June 30, 2017.

- **GASB Statement No. 78** – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of GASB Statement No. 78 are effective for financial statements beginning after December 15, 2015. The County implemented this change for the fiscal year ended June 30, 2017.

- **GASB Statement No. 80 –** *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14.* The provisions of GASB Statement No. 80 are effective for financial statements beginning after June 15, 2016. The County implemented this change for the fiscal year ended June 30, 2017.

- **GASB Statement No. 82** – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.* The provisions of GASB Statement No. 82 are effective for financial statements beginning after June 15, 2016 – except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The County implemented this change for the fiscal year ended June 30, 2017.

The following GASB Statements will be implemented in future financial statements:

- **GASB Statement No. 75** – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of GASB Statement No. 75 are effective for financial statements beginning after June 15, 2017. The County has not fully judged the impact of implementation of GASB Statement No. 75 on the financial statements.

- **GASB Statement No. 81 –** *Irrevocable Split-Interest Agreements.* The provisions of GASB Statement No. 81 are effective for financial statements beginning after December 15, 2016. The County has not fully judged the impact of implementation of GASB Statement No. 81 on the financial statements.

- **GASB Statement No. 83 –** *Certain Asset Retirement Obligations.* The provisions of GASB Statement No. 83 are effective for financial statements beginning after June 15, 2018. The County has not fully judged the impact of implementation of GASB Statement No. 83 on the financial statements.

- **GASB Statement No. 84 –** *Fiduciary Activities.* The provisions of GASB Statement No. 84 are effective for financial statements beginning after December 15, 2018. The County has not fully judged the impact of implementation of GASB Statement No. 84 on the financial statements.

- **GASB Statement No. 85 –** *Omnibus 2017.* The provisions of GASB Statement No. 85 are effective for financial statements beginning after June 15, 2017. The County has not fully judged the impact of implementation of GASB Statement No. 85 on the financial statements.

- **GASB Statement No. 86 –** *Certain Debt Extinguishment Issues.* The provisions of GASB Statement No. 86 are effective for financial statements beginning after June 15, 2017. The County has not fully judged the impact of implementation of GASB Statement No. 86 on the financial statements.

- **GASB Statement No. 87 –** *Leases.* The provisions of GASB Statement No. 87 are effective for financial statements beginning after December 15, 2019. The County has not fully judged the impact of implementation of GASB Statement No. 87 on the financial statements.

E. ASSETS, LIABILITIES, AND EQUITY

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, investments held by the County Treasurer in a cash management investment pool (Pool), and other short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County and Districts to invest in obligations of the U.S. Treasury, federal agencies, supranationals, municipal securities, commercial paper, corporate notes and bonds, repurchase agreements, certificates of deposit, and the State Treasurer's Investment Pool.

The Treasurer division of the Auditor-Controller's Office administers a pooled investment program for the County and for certain special purpose authorities including school districts. As of June 30, 2017, the special purpose authorities' cash and pooled investments were approximately 68.7% of the Treasurer division's pooled investment portfolio.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the balance sheet and the statement of net position and to recognize the corresponding change in the fair value of investments in the year in which the change occurred. The fair value of pooled investments is determined quarterly and is based on current market prices received from the County's securities custodian. The Local Agency Investment Fund (LAIF) is required to invest in accordance with state statutes. No investments are reported at amortized cost.

The value of the deposits of the County's pooled investment program is equal to the dollars deposited in the program, plus increases and less decreases (unrealized gains and losses) required to record investments at their fair value as of June 30, 2017. The dollars deposited in the program have been decreased by $2,378 to reflect the decline in the fair value of the investment in the Treasury Pool at June 30, 2017.

In addition, investments outside the Investment Pool were adjusted to fair value as of June 30, 2017, resulting in an increase of $240.

2. Receivables and Payables

Transactions between funds that are representative of noncurrent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Advances to/from other County funds." All other outstanding balances between funds are reported as "Due to/from other County funds." Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable financial resources.

All trade and property taxes receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible accounts.

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions, including the schools and special districts within the County. The Board levies property taxes as of October 3 for property values assessed on July 1. Secured property tax payments are due in two equal installments. The first property tax installment is due November 1 and delinquent with penalties after December 10 and the second property tax installment is due on February 1 and delinquent with penalties after April 10. Secured property taxes become a lien on the property on January 1.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid after August 31. Property taxes are accounted for in the Unapportioned Tax Resources Fund, an agency fund, until apportionment and disbursement to taxing jurisdictions. In fiscal year ended June 30, 1994, the County adopted the alternative method of secured property tax apportionment available under the Revenue and Taxation Code of the State (also known as the "Teeter Plan") whereby secured property taxes were distributed to participating taxing entities (including the County and related component units) on the basis of the tax levy, including any uncollected amounts at fiscal year-end. The County, as administrator, benefited from future collections of penalties and interest on delinquent taxes. Transactions of the Teeter Plan (including outstanding debt borrowed for the annual Teeter buyout) were accounted for in the General Fund. Taxes receivable are recorded as of the date levied. The County opted out of the Teeter Plan on June 30, 2009.

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the California Government Codes and Revenue and Taxation Codes.

3. Inventories and Prepaid Items

Governmental fund type inventories not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures/expenses when consumed rather than when purchased. Thus, in governmental funds, prepaid totals are reported as nonspendable.

Certain payments to vendors reflect costs applicable to future accounting periods and are regularly recurring costs of operations recorded as prepaid items (e.g., prepaid rent and prepaid employee retirement contributions).

The costs associated with debt issuance are reported as an expenditure of the period in which they are incurred in governmental funds.

4. Restricted Assets

Resources that will not be used in current operations that are restricted for acquisition or construction of noncurrent assets, or that are restricted for liquidation of long-term debt beyond the next year are restricted assets.

5. Capital Assets

Capital assets include land, land improvements, buildings and improvements, equipment, vehicles, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., land easements and computer software). They are reported in the applicable governmental or business-type activities columns in the government-wide financial statements at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. The capitalization thresholds are $5 for equipment and vehicles, and $100 for land improvements, buildings improvements, infrastructure, and computer software. Land and buildings are capitalized regardless of cost.

All capital asset additions are reported in the fiscal year in which the asset is acquired, except for infrastructure assets which use a business cycle extending from May to April, with all additions of the business cycle being reported in the fiscal year in which April is included. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at their acquisition value at the date of donation.

June 30, 2017 (in thousands)

Capital assets of the County, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20-50
Infrastructure roadway	
Pavement	10-40
Bridges	50
Pipe crossings	30
Traffic control devices	25
Signs	10
Sewer/water systems	7-20
Landfill site improvements	15
Vehicles/heavy equipment	3-20
Office equipment	3-16

Depreciation expense related to infrastructure assets is calculated by applying an annual depreciation rate to the cost of the grouping of subsystems. Depreciation expense in all other categories of capital assets is calculated on an item-by-item basis.

Capital outlay is recorded as expenditures of the General, special revenue, and capital projects funds, and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization.

6. Compensated Absences

Employees are granted vacations and sick leave and are permitted to accumulate earned but unused vacation and sick leave benefits. The portion relating to the proprietary funds is expensed as salaries in the year earned. The benefit amounts relating to governmental funds, which will be paid from future resources, are recorded in the government-wide financial statements. Benefit amounts due and payable at year-end are recorded in the governmental funds as part of salaries and benefits payable. In the event of separation of employment or death, an employee, or the employee's estate, is typically compensated for up to 300 hours of accumulated vacation at the employee's current payroll rate.

Most covered employees (eligible for overtime compensation) receive either compensatory time off (CTO) in lieu of overtime or paid overtime. An employee earns CTO hours in lieu of paid overtime until a certain CTO balance is reached; thereafter, an employee receives paid overtime for overtime hours worked. In the event of separation of employment or death, an employee, or the employee's estate, is compensated for 100% of their accumulated CTO hours at the employee's current payroll rate.

Employees in Bargaining Units 5, 8, 12, 13, 14, 15, 16 and 22 who leave County service by retirement after 10 years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 250 converted hours.

Employees in Bargaining Unit 23 who leave County service by retirement after 10 years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 350 converted hours.

Employees in Bargaining Units 1, 2, 3, 4, 6 and 7 who leave County service by retirement after 10 years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 250 converted hours. Employees in these same Bargaining Units leaving County service in good standing, other than by retirement, after 10 years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 20 converted hours.

Employees in Bargaining Units 9, 10, 11, 19, 20, 21, 40 and 45 who leave County service by retirement after 10 years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 250 converted hours. Employees in these same Bargaining Units leaving County service in good standing, other than by retirement, after five years of service may convert 20.0% of their unused sick leave credits to cash at their current payroll rate up to a maximum of 40 converted hours.

The County has a sick leave buyback program that allows employees to be compensated on the second pay date in February for a portion of their unused sick leave based on their years of service and usage in the prior year. Employees with three to five years of service may convert up to 40 hours of sick leave (up to 56 hours for employees on a 56 hour work schedule). Employees with over five years may convert up to 60 hours (up to 84 hours for employees on a 56 hour work schedule). The amount available for conversion is reduced by the sick leave used in the year ending the 23th of December just prior to the February pay out.

7. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses during the current period.

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has various deferred inflows of resources that have not met the County revenue recognition policy, which originate from various sources.

9. Fund Balance Policies

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not spendable in form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board), and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds. The Board, by board resolution, delegates the authority to assign fund balances to the County Administrative Office (CAO).

Unassigned fund balance – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board establishes, modifies, or rescinds fund balance commitments and assignments by passage of an ordinance or resolution (ordinances and resolutions are considered of equal authority with respect to fund balance). This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

10. Fund Balance Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted, committed, assigned, and unassigned resources as they are needed.

11. Use of Estimates

The preparation of the basic financial statements is in conformity with GAAP. These accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. Reconciliation of Government-Wide and Fund Financial Statements

A reconciliation of the total fund balances for governmental funds to the total net position of governmental activities has been prepared as part of the basic financial statements, including explanations of differences on page 26.

A reconciliation of the total net change in fund balances for governmental funds to the total changes in net position of governmental activities has been prepared as part of the basic financial statements, including explanations of differences on page 28.

III. Stewardship, Compliance, and Accountability

A. BUDGETARY INFORMATION

In accordance with the provision of Sections 29000 through 29132, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a final budget on or before October 2 for each fiscal year. Until the adoption of this final balanced budget, operations are governed by an operating budget approved by the Board.

A balanced operating budget is adopted each fiscal year for the County's General Fund, special revenue funds, debt service fund, and capital projects fund. A balanced operating budget is adopted each fiscal year for the FCD, which is governed by the Board and of which the Auditor-Controller is the ex-officio Finance Officer. The PFA and the PFC do not adopt a budget.

A spending plan is adopted each fiscal year for the County's enterprise funds and internal service funds, as well as the TBSMD (blended component unit), which is governed by the Board and of which the Auditor-Controller is the ex-officio Finance Officer.

June 30, 2017 (in thousands)

Public hearings are conducted on the recommended budget and spending plans to review all appropriations and the sources of financing. Because the adopted budget for governmental fund types must be balanced, any shortfall in revenue requires an equal reduction in appropriations. All appropriations lapse at year-end.

All governmental fund type budgets and the spending plans for proprietary fund types are adopted on the modified accrual basis of accounting. County department heads, with the approval of the County Administrative Officer, may make transfers of appropriations within a department without the approval of the Board for specific object or sub-object accounts under Administrative Regulation (AR) No. 4. Transfers of appropriations to or from any budget unit, transfers of appropriations between funds, and transfers from the Contingency Reserve are approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenues during the year must be approved by the Board. The Board, per California Government Code Section 29125, has legally delegated authority under AR No. 4 to the CAO to approve transfers of appropriations within any budget unit among the object or sub-object accounts, with the following restrictions: (1) overall appropriations of the budget unit are not increased, (2) transfers cannot create a capital asset appropriation, (3) increases to existing capital asset appropriation cannot exceed 10.0%, and (4) increases from the County's allocated salaries account may be approved for unspent salaries that are tied to a regular position that is vacant or under-filled. Budgeted amounts are reported both as adopted and as amended.

The Board made several supplemental budgetary appropriations throughout the fiscal year, including additional appropriations for new programs, additional positions, and unanticipated obligations. For the fiscal year ended June 30, 2017, appropriations in the General Fund were increased by $16,961.

B. INDIVIDUAL FUND DEFICITS

At June 30, 2017, the following special revenue and internal service funds reported fund deficits:

	Deficit Balance
Special revenue funds	
Housing Opportunities Made Equal (HOME)	$ (1)
Workforce Investment	(2)
Internal service funds	
Central Services	(6,559)
Insurance	(4,870)

Pursuant to GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, the fund deficit balance for the HOME Fund and the Workforce Investment Fund is due to the recognized change in the fair value of the funds' respective investment within the Treasury Pool.

The County's Insurance Fund has retained an aggregated fund deficit balance of $4,870 at June 30, 2017, due to the deficit balance of $8,402 in the Workers Compensation Self-Insurance Fund. The County has been addressing the deficit through premium increases which began in the 2013/14 fiscal year. In addition to premium increases, the County has been concentrating its efforts to further improve operational efficiency by implementing loss prevention and control measures to minimize costs.

The Central Services Fund deficit balance constitutes its proportionate share of net pension liability pursuant to the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

IV. Detailed Notes on All Funds

A. CASH AND INVESTMENTS

As provided by California Government Code Section 53600, the cash balances of substantially all County funds and participating County schools and agencies are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Interest earned on the pooled funds is apportioned quarterly based on the average daily balance of each participating fund. Certain funds, which have deposits in the County's pooled investment program, do not receive the interest earnings on their deposits. The earnings on the investments related to those funds are assigned to the County's General Fund, as permitted by the California Government Code. "Investments" in the governmental funds' balance sheet represent the investment of assets associated with the PFC and the PFA, which are not invested by the County Treasurer but are held by fiscal agents.

Deposits Deposits consist of cash in banks, as well as non-negotiable certificates of deposit. As of June 30, 2017, the County's bank deposits had a carrying amount of $170,603 and the balance per the financial institutions totaled $168,910. The difference between the carrying amount and the bank balance includes temporary reconciling items such as cash on hand, outstanding checks, and deposits in transit. Of the balance in the financial institutions, $3,121 was covered by the Federal Deposit Insurance Corporation (FDIC) and $165,622 was collateralized pursuant to California Government Code and the remaining $167 was unsecured. The collateral is held by the pledging financial institution's trust department or its agent and is considered to be held in the County's name.

Investments The Pool's cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy are, in order of priority: preservation of capital, liquidity, and yield. The Treasurer reports on a monthly basis to the Board. Additionally, there is an Oversight Committee established under California Government Code Section 27130 through 27137 comprised of County officials, representatives from various pool participants, and members of the public, whose function is to monitor compliance with the County's Investment Policy. Investments made outside the County Treasury are invested pursuant to governing bond covenants or California Government Code provisions.

The County's Investment Policy, in compliance with California Government Code Section 53601 and Section 53635, authorizes the Treasurer to invest in permissible types of instruments. These include:

- Obligations issued by the County
- Obligations of the U.S. Treasury
- Obligations of the State of California and local agencies
- Obligations of Federal Agencies or U.S. Government-sponsored enterprises
- Obligations of Supranationals rated "AA" or better
- Bankers Acceptances eligible for purchase by the Federal Reserve System
- Commercial Paper rated A-1 by Standard & Poor's Corporation (S&P) or P-1 by Moody's Commercial Paper Record (Moody's)
- Negotiable Certificates of Deposit
- Medium-Term Corporate Notes rated "A" or better
- Money Market Funds
- Repurchase and Reverse Repurchase Agreements
- Local Agency Investment Fund (LAIF)
- Managed Investment Pools pursuant to §53601
- Asset Backed Securities rated "AA" or better

June 30, 2017 (in thousands)

Credit Risk Credit risk exists when there is the possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. To mitigate this risk, the Investment Pool's investment policy, which is more restrictive than the California Government Code, places a minimum standard on the rating of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A-1" for short-term. Securities that are fully guaranteed as to payment by an agency, or Government Sponsored Enterprise of the U.S. Government, were rated AA+ by national recognized statistical-rating organizations. As of June 30, 2017, the County invested in primarily high quality investments as shown below:

Credit Rating	% of Investment Portfolio
AAA	13.0%
A-1 (short-term rating)	4.0%
AA	58.0%
A	17.0%
Not Rated**	8.0%
Total	100.0%

Standard & Poor's Ratings [includes all ratings in this category (e.g., A-, A, A+)].
** The portion of the portfolio that is not rated represents the following:
● A $64,931 deposit in LAIF, the State of California's Investment Fund.
● A $175 deposit into the Great-West Portfolio Fund associated with the County's Deferred Compensation Forfeiture/Asset Holding Account.
● Various individual securities totaling $41,528 which were not rated by S&P, however, they were rated by Moody's and Fitch with an A or better.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of an investment with a single issuer. The Treasury mitigates these risks by holding a diversified portfolio of high quality investments and limits the percentage of the total investments to the type of investment and to any one issuer by type of allowable investment instrument. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3,* the County held investments (excluding deposit accounts) in excess of 5.0% of the total year-end investments for the following issuers:

Issuer	Amount	Percentage
U.S. Treasury	$ 278,433	21.3%
Federal National Mortgage Association	181,174	13.8%
California LAIF	64,931	5.0%
Total	$ 524,538	40.1%

Custodial Credit Risk Custodial credit risk for an investment exists when, in the event of failure of the counterparty to a transaction, the County will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Treasury has limited its custodial credit risk on investments by having all investments in the name of the County. In accordance with GASB Statement No. 40, the County is required to disclose custodial credit risk for investment securities that are uninsured and unregistered in the County's name, and are held by either (1) the counterparty or (2) the counterparty's trust department or agent but not in the County's name.

As of June 30, 2017, none of the investments in the County's portfolio meet the custodial credit risk disclosure requirement. The entire portfolio, with the exception of Money Market Funds, consist of investment securities that are insured or registered, or securities held by the County or its agent in the County's name. The investment in Money Market Funds is not evidenced by securities that exist in physical or book entry form.

June 30, 2017 (in thousands)

Foreign Currency Credit Risk The County does not have any foreign currency risk as all investments are in U.S. dollar-denominated assets.

Interest Rate Risk Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, investments of longer maturities are more sensitive to changes in market interest rates. The Treasury mitigates this risk by limiting the dollar-weighted average maturity of the investment portfolio to 3.5 years and invests in longer-term securities only with funds that are not needed for current cash flow purposes. The weighted average maturity of the Treasurer's Investment Pool as of June 30, 2017 is 786 days (2.15 years).

The County's investments as of June 30, 2017 are as follows:

Investments	Carrying Value	Reported Amount/Fair Value	Weighted Average Maturity (days)	Stated Interest Rate	Maturity Range
U.S. Treasury obligations	$ 279,117	$ 278,433	1,270	0.875% - 3.500%	02/28/2019 - 02/28/2022
Federal agency obligations	309,772	307,807	1,075	0.749% - 2.000%	02/25/2018 - 04/05/2022
Supranational obligations	48,221	48,175	860	1.000% - 2.125%	06/15/2018 - 01/18/2022
Corporate notes/bonds	379,379	379,757	876	0.670% - 6.000%	06/15/2017 - 01/27/2022
Municipal obligations	13,745	13,752	999	1.472% - 2.054%	05/15/2018 - 08/31/2020
Commercial paper	50,398	50,436	61	1.010% - 1.330%	07/03/2017 - 10/02/2017
Negotiable time deposits	96,819	96,948	425	1.070% - 2.050%	09/11/2017 - 05/03/2019
	1,177,451	1,175,308			
Other investments					
Money market funds	7,264	7,264			
LAIF managed pool	65,000	64,931			
CAMP managed pool	60,651	60,651			
Total other investments	132,915	132,846			
Total investments	$ 1,310,366	$ 1,308,154			

As of June 30, 2017, the County's investments totaled $1,308,154 and there was not an investment in Structured Notes nor any derivative products as defined by Financial Accounting Standards Board (FASB) Statement No. 133.

Mortgage and Asset-Backed Securities Mortgage and asset-backed securities entitle the County to receive a share of the cash flows (principal and interest repayments) associated with a pool of loans, leases, credit card debt, or other receivables. As of June 30, 2017, 7.86% of the County's investments are invested in mortgage and asset-backed securities rated AA or better.

Issuer	Amount	Percentage of Portfolio	S&P Rating
Ally Auto Receivables Trust	$ 6,958	0.53%	AAA
Carmax Auto Owner Trust	1,861	0.14%	AAA
Chase Issuance Trust	6,811	0.52%	AAA
Citibank Credit Card Issuance Trust	4,275	0.33%	AAA
Federal Home Loan Mortgage Corporation	7,632	0.58%	AA+
Federal National Mortgage Association	14,875	1.14%	AA+
Honda Auto Receivables Trust	21,960	1.68%	AAA
Hyundai Auto Receivables Trust	4,755	0.36%	AAA
John Deere Owner Trust	12,180	0.93%	NR[1]
Nissan Auto Receivables Trust	11,212	0.86%	NR[1]
Toyota Auto Receivables Trust	10,339	0.79%	AAA

[1] These securities are not rated by Standard & Poor's, however are rated Aaa by Moody's.

June 30, 2017 (in thousands)

California Local Agency Investment Fund (LAIF) The State Treasurer's LAIF is a governmental investment pool managed and directed by the State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of state officials and various participants provide oversight to the management of the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without penalty or loss of interest. The value of the County's shares in LAIF that may be withdrawn is determined on an amortized cost basis, which may be different from the fair value of the County's position in the Pool. As of June 30, 2017, the County's investment in LAIF is $64,931. The total amount recorded by all public agencies in LAIF at that date was $22,812,818. Of that amount, 2.89% of the portfolio is invested in medium-term and short-term structured notes and asset-backed securities.

California Asset Management Program (CAMP) The CAMP Pool is a short-term money market portfolio and cash management vehicle managed to maintain a dollar-weighted average portfolio maturity of 60 days and seeks to maintain a constant net asset value of one dollar per share. The Pool invests in obligation of the U.S. Government and its agencies, high quality, short-term debt obligations of U.S. companies and financial institutions and is AAAm rated by Standard & Poor's.

Repurchase Agreements Repurchase Agreements are contracts in which a broker/dealer sells securities to the Investment Pool with an agreement to repurchase those securities for a fixed price at an agreed-upon date. California Government Code requires that public entities that utilize repurchase agreements collateralize the investments that underlay the repurchase agreements with amounts that exceed cost. The fair value of the securities underlying the repurchase agreements must be valued at 102.0% or greater. The Investment Pool's Investment Policy reflects this requirement. As of June 30, 2017, the County had no outstanding repurchase agreements.

Fair Value Measurements The County categorizes its fair value measurements within the framework established by GASB Statement No. 72, *Fair Value Measurements and Application*. That framework provides a three-tiered fair value hierarchy as follows:

Level 1 – reflect unadjusted quoted prices in active markets for identical assets.
Level 2 – reflect inputs that are based on a similar observable asset either directly or indirectly.
Level 3 – reflect unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2017:

Investments	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
U.S. Treasury obligations	$ -	$ 278,433	$ -	$ 278,433
Federal agency obligations	-	307,807	-	307,807
Supranational obligations	-	48,175	-	48,175
Corporate notes/bonds	-	379,757	-	379,757
Municipal obligations	-	3,752	10,000	13,752
Commercial paper	-	50,436	-	50,436
Negotiable time deposits	-	96,948	-	96,948
	$ -	$ 1,165,308	$ 10,000	1,175,308
Other investments				
Money market funds				7,264
LAIF managed pool				64,931
CAMP managed pool				60,651
Total other investments				132,846
Total investments				$ 1,308,154

The County obtains its fair values from its Safekeeping Agent who utilize a pricing vendor. The pricing vendor uses numerous inputs to obtain their fair value measurements including pricing feeds, broker pricing information, matrix pricing, and other market data. All prices were obtained from the Safekeeping Agent and were considered Level 2, with the exception of a short-term loan agreement/promissory note with the Tulare County Transportation Authority which was considered Level 3.

June 30, 2017 (in thousands)

Treasury Pool Income and Participant Withdrawals Treasury Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and the statement of net position and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant's shares in the Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participant's position in the Pool. The fair value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

For the fiscal year ended June 30, 2017, the Treasury Pool investment income was comprised of the following:

Investment Income	Amount
Interest and dividends	$ 17,119
Net decrease in fair value	(13,023)
Investment expenses	(1,612)
Total Treasury Pool investment income	$ 2,484

The net decrease in the fair value of investments within the Treasury Pool during fiscal year 2016/17 was $13,023. This amount takes into account all changes in fair value (including sales resulting in a net gain of $702) that occurred during the year. In accordance with GASB Statement No. 31, the net fair value adjustment on investments held as of June 30, 2017 was a decrease of $13,725.

Summary of Cash and Investments Balances Following is a reconciliation of the County's cash and investment balances to the balance sheets/statements of net position for the governmental, enterprise, internal service, and fiduciary funds, as well as the discretely presented component unit as of June 30, 2017:

Cash and Investments	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total	Component Unit - First 5 Tulare County
Cash in banks	$ 558	$ 457	$ -	$ 4,324	$ 5,339	$ 452
Investment in treasury pool	371,055	26,637	35,054	933,965	1,366,711	5,920
Restricted investments in pool	-	44,806	-	-	44,806	-
Investments	1,417	-	-	-	1,417	-
Restricted investments	58,062	-	-	-	58,062	-
Imprest cash	72	3	500	-	575	-
Deposits with others	-	-	-	216	216	6
Total cash and investments	$ 431,164	$ 71,903	$ 35,554	$ 938,505	$ 1,477,126	$ 6,378

June 30, 2017 (in thousands)

The following represents a condensed statement of net position and changes in net position for the Treasury Pool as of June 30, 2017:

Statement of Net Position	
Net position held in trust for all pool participants	$ 1,417,437
Equity of internal pool (County) participants	$ 443,502
Equity of external pool (Non-County) participants	973,935
Total equity	$ 1,417,437

Statement of Changes in Net Position	
Net position as of July 1, 2016	$ 1,344,165
Net additions by pool participants	69,176
Net decrease in investment fair value	
Realized gain from sales	702
Fair value loss on investments held at year-end	(13,725)
Interest and dividends earned	17,119
Net position as of June 30, 2017	$ 1,417,437

B. RECEIVABLES

Receivables as of the fiscal year-end for the County's individual major funds and for nonmajor and internal service funds (ISF) are as follows:

Receivables	General	Public Financing Authority	Nonmajor Governmental	ISF	Solid Waste	Nonmajor Enterprise	Total	Noncurrent Portion
Accounts	$ 4,315	$ 74	$ 2,870	$ 2,767	$ 1,772	$ 243	$ 12,041	$ -
Property taxes	284	-	-	-	-	-	284	284
Notes	4,000	-	16,336	-	-	-	20,336	20,336
Due from other governments	18,731	-	8,443	731	-	603	28,508	-
Total receivables	$ 27,330	$ 74	$ 27,649	$ 3,498	$ 1,772	$ 846	$ 61,169	$ 20,620

C. RESTRICTED ASSETS

Restricted assets in the governmental funds include $58,062 in the PFA for future debt service. Restricted assets in the Solid Waste Fund include $35,263 for future closure/post closure expenses, $5,000 for landfill ground water contingencies, $2,985 for acquisition of a future disposal site, and $1,087 for closure of the Visalia Waste Management Unit-1 Facility. In addition, $16 is restricted for landfill ground water contingencies for County Service Area #2.

D. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows of Resources Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the County recognizes deferred outflows of resources in the government-wide and proprietary fund statements. These items are a consumption of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Deferred outflows of resources that are reported in the proprietary funds are included in the government-wide statement of net position.

June 30, 2017 (in thousands)

Deferred outflows of resources balances for the fiscal year ended June 30, 2017 are as follows:

Government-wide Deferred Outflows of Resources	
Governmental Activities	
Pensions	$ 187,623
Total Governmental Activities	187,623
Business-type Activities	
Pensions	1,228
Total Business-type Activities	1,228
Total Government-wide Deferred Outflows of Resources	$ 188,851
Proprietary Funds Deferred Outflows of Resources	
Solid Waste	
Pensions	$ 1,127
Total Proprietary Funds Deferred Outflows of Resources	1,127
Nonmajor Enterprise Deferred Outflows of Resources	
Transit	
Pensions	101
Total Nonmajor Enterprise Funds Deferred Outflows of Resources	101
Total Enterprise Funds Deferred Outflows of Resources	$ 1,228
Internal Service Funds Deferred Outflows of Resources	
Central Services	
Pensions	$ 9,276
Total Internal Service Funds Deferred Outflows of Resources	$ 9,276

Deferred Inflows of Resources Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the County recognized deferred inflows of resources in the entity-wide and government-wide fund statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources.

June 30, 2017 (in thousands)

Deferred inflows of resources balances for the fiscal year ended June 30, 2017 are as follows:

Government-wide Deferred Inflows of Resources	
Governmental Activities	
Community Development Block Grant (CDBG)	$ 4,354
HOME	10,987
Pensions	30,665
Total Governmental Activities	46,006
Business-type Activities	
Pensions	200
Total Business-type Activities	200
Total Government-wide Deferred Inflows of Resources	$ 46,206
Governmental Funds Deferred Inflows of Resources	
General Fund	
Senate Bill (SB) 90	$ 2,602
Agricultural Commissioner - Mill Tax	1,511
Agricultural Commissioner - Other	545
Tax Apportionment	128
General Fund - Other	318
Total General Fund	5,104
Special Revenue Funds	
Tobacco Settlement	2,667
CDBG	4,354
HOME	10,987
Total Special Revenue Funds	18,008
Total Nonmajor Funds Deferred Inflows of Resources	18,008
Total Governmental Funds Deferred Inflows of Resources	$ 23,112
Proprietary Funds Deferred Inflows of Resources	
Solid Waste	
Pensions	$ 184
Total Proprietary Funds Deferred Inflows of Resources	184
Nonmajor Enterprise Deferred Inflows of Resources	
Transit	
Pensions	16
Total Nonmajor Enterprise Funds Deferred Inflows of Resources	16
Total Enterprise Funds Deferred Inflows of Resources	$ 200
Internal Service Funds Deferred Inflows of Resources	
Central Services	
Pensions	$ 1,515
Total Internal Service Funds Deferred Inflows of Resources	$ 1,515

June 30, 2017 (in thousands)

E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	$ 940,050	$ 2,376	$ (261)	$ 942,165
Construction in progress	8,338	27,825	(1,683)	34,480
Infrastructure in progress	30,778	8,939	(22,138)	17,579
Total capital assets, not being depreciated	979,166	39,140	(24,082)	994,224
Capital assets, being depreciated				
Infrastructure	768,248	22,138	-	790,386
Buildings and improvements	231,217	1,486	-	232,703
Equipment and vehicles	89,222	11,467	(3,587)	97,102
Total capital assets, being depreciated	1,088,687	35,091	(3,587)	1,120,191
Less accumulated depreciation for				
Infrastructure	(296,097)	(16,179)	-	(312,276)
Buildings and improvements	(87,907)	(5,398)	-	(93,305)
Equipment and vehicles	(65,427)	(7,381)	3,475	(69,333)
Total accumulated depreciation	(449,431)	(28,958)	3,475	(474,914)
Total capital assets, being depreciated, net	639,256	6,133	(112)	645,277
Governmental activities capital assets, net	$ 1,618,422	$ 45,273	$ (24,194)	$ 1,639,501
Business-type activities				
Capital assets, not being depreciated				
Land	$ 6,728	$ -	$ -	$ 6,728
Construction in progress	204	755	-	959
Total capital assets, not being depreciated	6,932	755	-	7,687
Capital assets, being depreciated				
Buildings and improvements	31,599	-	-	31,599
Equipment and vehicles	15,551	794	(328)	16,017
Total capital assets, being depreciated	47,150	794	(328)	47,616
Less accumulated depreciation for				
Buildings and improvements	(18,828)	(1,401)	-	(20,229)
Equipment and vehicles	(12,841)	(944)	328	(13,457)
Total accumulated depreciation	(31,669)	(2,345)	328	(33,686)
Total capital assets, being depreciated, net	15,481	(1,551)	-	13,930
Business-type activities capital assets, net	$ 22,413	$ (796)	$ -	$ 21,617

June 30, 2017 (in thousands)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General government	$	3,528
Public protection		5,561
Public ways and facilities		17,406
Health and sanitation		1,122
Public assistance		439
Education		253
Culture and recreation		649
Total depreciation expense - governmental activities	$	28,958
Business-type activities		
Solid Waste	$	1,591
Nonmajor enterprise funds		754
Total depreciation expense - business-type activities	$	2,345

The amounts spent-to-date and remaining commitments for construction and infrastructure in progress as of June 30, 2017 are as follows:

		Spent-to-Date		Remaining Commitment
Governmental activities				
Fire Station No. 1	$	422	$	2,784
South County Detention Facility		30,907		11,259
Sequoia Field Program Facility		1,325		2,844
Vocational Education Building		35		664
Probation Camera project		375		352
Property and Evidence		168		3,195
Visalia Wellness Center		1,211		-
Sequoia Field Airport navigation aids		36		359
Roads				
Environmental review of existing roads		9,998		-
Repair or bridge replacement		4,339		-
Other improvements		3,243		-
Total governmental activities		52,059		21,457
Business-type activities				
Transit Operations and Maintenance Facility		959		-
Total business-type activities		959		-
Total construction and infrastructure in progress	$	53,018	$	21,457

June 30, 2017 (in thousands)

F. INTERFUND RECEIVABLES AND PAYABLES

Advances To/From Other County Funds Advances to/from other County funds are representative of noncurrent lending/borrowing arrangements outstanding at the end of the fiscal year.

The composition of advances to/from other County funds as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund		Amount
General	Nonmajor Governmental	$	220
	Nonmajor Enterprise		1,089
	Fiduciary		173
Nonmajor Governmental	Fiduciary		32
	Total	$	1,514

Due To/From Other County Funds Due to/from other County funds represents current outstanding balances between funds at the end of the fiscal reporting period. The County's computerized general ledger only allows for the transfer of cash between funds until mid-July following the end of the fiscal year. Therefore, the recording of interfund activity that occurred during the fiscal year, but which is entered into the system after mid-July, results in an interfund payable/receivable.

The composition of due to/from other County funds as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund		Amount
Nonmajor Governmental	Internal Service Fund	$	100
	Total	$	100

G. TRANSFERS

Transfers to/from other County funds for the fiscal year ended June 30, 2017 consist of transfers for normal operations, including the accumulation of debt service payments and support of other funds' resources.

The schedule of transfers to/from other County funds as of June 30, 2017 is as follows:

Transfers From	Transfers To					
	General	Public Financing Authority	Realignment-Social Services Fund	Nonmajor Governmental	Internal Service Fund	Total
General	$ -	$ -	$ 942	$ 34,431	$ 197	$ 35,570
Public Financing Authority	-	-	-	3,500	-	3,500
Realignment-Social Services Fund	76,590	-	-	-	-	76,590
Nonmajor Governmental	22,349	3,920	-	6	-	26,275
Solid Waste	302	-	-	-	-	302
Internal Service Fund	285	-	-	104	-	389
Total transfers	$ 99,526	$ 3,920	$ 942	$ 38,041	$ 197	$ 142,626

June 30, 2017 (in thousands)

H. LEASES

Operating Leases (County as Lessor) The County has entered into long-term operating lease agreements leasing land and buildings to others. Leased assets represent a cost of $60,997 with $14,668 of accumulated depreciation for a net carrying amount of $46,329. The revenues realized for the fiscal year ended June 30, 2017 were $1,818. The minimum future rentals for non-cancellable operating leases are as follows:

Year Ending June 30,	Amount
2018	$ 2,415
2019	2,395
2020	2,393
2021	2,209
2022	195
2023-2027	666
2028-2032	15
2033-2037	1
Total	$ 10,289

Operating Leases (County as Lessee) The County has commitments under long-term operating lease agreements for facilities used in operations. These lease agreements provide for cancellation in the event the board of the respective entity does not appropriate funding in subsequent fiscal years. The expenses for the fiscal year ended June 30, 2017 were $8,502. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2018	$ 6,363
2019	5,987
2020	5,746
2021	4,948
2022	3,863
2023-2027	6,943
2028-2032	142
2033-2037	120
2038-2042	18
Total	$ 34,130

In addition to real property leases, the County has also entered into long-term leases for personal property, the majority of which are leased by Roads, Solid Waste, the District Attorney's Office, and the General Services division of the Resource Management Agency. Most of these leases also provide for cancellation in the event that the Board does not appropriate funding, and are subject to annual adjustments based upon negotiations. Total rent and lease expense for these operating leases for the fiscal year ended June 30, 2017 is approximately $155.

June 30, 2017 (in thousands)

Capital Lease (County as Lessee) The County entered into a lease agreement as lessee for financing the acquisition of a copier with a five-year estimated useful life. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease payments for the lease are as follows:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2018	9	1
2019	9	1
2020	9	1
Total	$ 27	$ 3

I. LONG-TERM DEBT

Certificates of Participation The PFC issues Certificates of Participation (COPs) to provide funds for the acquisition, construction, and repair and maintenance of major capital facilities. COPs have been issued for both governmental and proprietary fund activities. These COPs are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, COPs have been issued to refund earlier certificates with higher interest rates.

COPs are obligations of the County's component units. However, the County is indirectly obligated under lease agreements it has signed with its component units. The County's obligation is limited to including in its annual budget lease payments called for in the lease agreements. These COPs generally are issued as 20 to 40-year certificates with increasing amounts of principal maturing each year.

COPs currently outstanding are as follows:

Date Issued	Purpose of Debt	Interest Rates	Amount
September 2, 1993	Business-type activities	5.0%	$ 382
February 23, 1994	Business-type activities	5.0%	55
August 16, 1994	Business-type activities	4.5%	42
September 14, 1994	Business-type activities	4.5%	33
May 28, 1996	Business-type activities	4.5%	680
		Total	$ 1,192

Annual debt service requirements to maturity for COPs are as follows:

	Business-type Activities	
Year Ending June 30,	Principal	Interest
2018	$ 45	$ 57
2019	46	54
2020	46	52
2021	48	50
2022	54	48
2023-2027	297	199
2028-2032	377	124
2033-2036	279	35
Total	$ 1,192	$ 619

June 30, 2017 (in thousands)

Variable Rate Demand Bonds On December 17, 1999, the PFA issued Variable Rate Demand Bonds of $45,000 with a variable rate not to exceed 12.0%. On December 1, 2006, these bonds were refunded with private placement Tobacco Settlement Asset Backed Bonds of $42,360, which will mature on August 1, 2034. Per the trust indenture for these refunded bonds, each fiscal year up to $3,500 will be transferred to the County to provide financing for the acquisition and construction of public capital assets, the repair and maintenance costs related thereto, and any other working capital needs of the County. A new lease agreement was established, superseding the terms of the initial lease agreement dated December 1, 1999. Pursuit to this new lease agreement, the County is leasing three buildings to the PFA used as security for the bonds, including the Juvenile Detention Facility, the Agriculture Commissioner building, and the Visalia Library building.

The variable rate shall be the rate of interest per annum, determined by the Remarketing Agent, to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, is necessary as of the date such rate becomes effective to remarket the bonds in a secondary market transaction at the price equal to par, but no greater than the maximum rate.

These bonds are treated as a long-term liability in accordance with GAAP as the County entered into a take-out agreement before the financial statements were issued. The take-out agreement does not expire within one year of the fiscal period end. Neither the take-out agreement itself nor the obligations issued pursuant to the agreement are cancelable by the lender within one year of the fiscal period end, and the lender is expected to be financially capable of honoring the take-out agreement.

These bonds are the obligation of the PFA, one of the County's blended component units. However, the County is obligated under the leaseback agreement it has signed with the PFA. The County's obligation is limited to including in its annual budget the lease payments called for in this leaseback agreement payable from a pledge of the County's share of the Tobacco Master Settlement Agreement.

Annual debt service requirements to maturity for the bonds are as follows:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2018	$ 1,110	$ 307
2019	1,110	297
2020	1,210	285
2021	1,305	273
2022	1,405	261
2023-2027	8,395	1,081
2028-2032	11,315	620
2033-2035	8,685	82
Total	$ 34,535	$ 3,206

Loans Payable In 2006, the County borrowed $7,084 with an interest rate at 3.9% to fund energy improvement projects. This loan extends to September 2022.

June 30, 2017 (in thousands)

The debt payment schedule for the following fiscal years ending June 30 is as follows:

Year Ending June 30,	Governmental Activities Principal	Interest
2018	$ 518	$ 106
2019	539	86
2020	560	64
2021	583	42
2022	605	19
2023	155	1
Total	$ 2,960	$ 318

Prior Year Defeasance of Debt In prior years, the County defeased certain COPs by placing the proceeds of new COPs in an irrevocable trust to provide for all future debt service payments on the old COPs. Accordingly, the trust account assets and the liability for the defeased COPs are not included in the County's financial statements. At June 30, 2017, there are no longer any bonds outstanding considered to be defeased.

Other Payables El Rancho Sewer District, part of County Service Area #1, issued revenue bonds during the fiscal year ended June 30, 1988. Farmers Home Administration purchased the bonds. The proceeds of the bonds were used for a sewer construction project. The original bonds payable of $11 have a current principal balance of $5 and bear interest at 5.0% per annum. This matures in fiscal year 2027, a 40-year period. The bonds were issued under Health and Safety Code Section 49000. The bonds will be redeemed with monies raised from service charges associated with the sewer system operation.

The annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending June 30,	Business-type Activities Principal	Interest
2018	$ -	$ -
2019	-	-
2020	-	-
2021	1	-
2022	1	1
2023-2027	3	-
Total	$ 5	$ 1

June 30, 2017 (in thousands)

Changes in Long-term Liabilities The long-term liability activity for the fiscal year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Variable Rate Demand Bonds	$ 35,545	$ -	$ (1,010)	$ 34,535	$ 1,110
Capital lease	36	-	(9)	27	9
Loans payable	3,459	-	(499)	2,960	518
Net OPEB obligation	15,793	2,294	(685)	17,402	-
Compensated absences	21,540	4,105	(2,832)	22,813	2,832
Liability claims payable	31,388	19,081	(17,352)	33,117	6,424
Net pension liability	290,616	105,331	-	395,947	-
Total governmental activities	$ 398,377	$ 130,811	$ (22,387)	$ 506,801	$ 10,893
Business-type activities					
COPs payable	$ 1,236	$ -	$ (44)	$ 1,192	$ 45
Bonds payable	5	-	-	5	-
Closure/post closure costs payable	39,311	-	(4,048)	35,263	-
Compensated absences	221	52	(20)	253	20
Net pension liability	1,881	711	-	2,592	-
Total business-type activities	$ 42,654	$ 763	$ (4,112)	$ 39,305	$ 65

The liability for the majority of employee compensated absences is liquidated by the General Fund. The value of accumulated vacation at June 30, 2017 was $18,185. Of this amount, $158 is recorded in enterprise funds. The value of accumulated sick leave at June 30, 2017 was calculated using a termination payment method and is accrued at $3,214. Of this amount, $58 is recorded in enterprise funds. The value of accumulated CTO at June 30, 2017 was $1,666. Of this amount, $38 is recorded in enterprise funds. The value of sick leave buybacks for future years cannot be accurately estimated, but for the fiscal year ended June 30, 2017, the County paid $1,004 to employees through this program.

The liabilities for claims and judgments payable include both general liability and workers' compensation liability and have been liquidated using the general liability insurance internal service fund and the workers' compensation insurance internal service fund.

J. SPECIAL ASSESSMENT DEBT

The County is not obligated in any manner for special assessment debt for the outstanding bond issues totaling $460,577 for School Bonds, 1915 Improvement Act Bonds, and Special District General Obligation Bonds at June 30, 2017. The County Auditor-Controller acts as an agent for the property owners and bond holders in collecting and forwarding the special assessments, with the exception of the Kaweah Delta Hospital Bond. The School Bonds totaling $326,526 include bonds for Buena Vista, Burton, Earlimart, Exeter, Liberty, Kings River, Pixley Union, Richgrove, Stone Corral, Sundale, Terra Bella, Traver, and Woodlake Elementary Schools; Exeter, Strathmore, Tulare Joint Union, and Woodlake High Schools; Cutler-Orosi, Dinuba, Farmersville, Lindsay, Porterville, and Visalia Unified Schools; and College of the Sequoias Community College. The 1915 Improvement Act Bonds totaling $107 include bonds for Ducor Community Service District (CSD) and Ducor CSD Supplemental. The Special Districts General Obligation Bonds totaling $130,734 are for the Kaweah Delta Hospital Bond and the Tulare Healthcare Bond.

K. LANDFILLS

State and Federal laws and regulations require that the County Solid Waste Fund place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of 30 years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfills no longer accept waste. The recognition of these landfill closure and post closure care costs is based on the amount of the landfills used during the year. The estimated liability for landfill closure and post closure care costs has a balance of $29,737 as of June 30, 2017, which is based on an average of 41.0% usage (filled) of all landfill sites (remaining capacity determined as of August 18, 1989). It is estimated that an additional $39,984 will be recognized as closure and post closure care expenses between the date of the statement of net position and the date the landfills are currently expected to be filled to capacity. The estimated remaining life of landfill sites ranges from 6.2 years for the Teapot Dome site, to 28.1 years for the Visalia site, to 74.8 years for the Woodville site. The estimated total current cost of the landfill closure and post closure care of $69,720 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2017. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

In addition, the County is required by State and Federal laws and regulations to make annual contributions to finance closure and post closure care. The County is in compliance with these requirements, and at June 30, 2017, investments of $29,737 are part of the pooled funds held by the County Treasurer. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the County Treasurer. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill site users, taxpayers, or both.

Funds are set aside in accordance with the State Water Resources Control Board through the Regional Water Quality Control Board under California Governmental Code Regulations, Title 27, Subchapter 2, Article 4, and Sections 22220 through 22222. The funds are the financial assurance mechanism for corrective actions and are there to be used to clean up or otherwise remediate a release (e.g. plume of groundwater contamination) from the County's landfills. CalRecycle specifies what annual inflation rate should be applied to the amount required for corrective action, along with closure and post closure maintenance at the landfills. The County is in compliance with these requirements and, at June 30, 2017, investments of $5,525 are part of the pooled funds held by the County Treasurer.

As of June 30, 2017, the pooled funds held by the County Treasurer for financial assurance and closure/post closure maintenance total $35,263 to offset the total liability.

L. REMEDIATION CONTINGENCIES

The Harmon Field Remediation project was completed in September 2015. Upon completion, a final report was submitted to the Department of Toxic Substances Control (DTSC), which was approved in May 2016. The post remediation site will require ongoing maintenance, including fence and gate repairs, weed control, rodent control, biannual reports to the DTSC, and five-year review inspections by the DTSC. For the fiscal year ended June 30, 2017, the County spent $27 on project closing costs and developing a plan and cost estimate for maintaining and monitoring the post remediation site.

June 30, 2017 (in thousands)

M. RESTRICTED NET POSITION

The County's net position restricted for laws or regulations of other governments is as follows:

County Children's Trust	$ 57
Compliance Ordinance	11
Social Security Truncation Program	303
Title IV-E Federal	198
Memo Trust Deferred Compensation	175
Standards in Training	41
Child Seat Loaner	101
Public Guardian	264
Children Wraparound Plan	706
Community Corrections Performance Incentive	3
Local Revenue Fund 2011 (Assembly Bill 118)	2,429
Retirement Contributions	2,805
Various Others	2
Total net position restricted for laws or regulations of other governments	$ 7,095

N. CONDENSED FINANCIAL STATEMENTS

The PFC issued COPs to finance its sewage and water projects. These water and sewer projects are accounted for in separate funds. However, investors in the COPs rely solely on the revenue generated by the individual activities for repayment. Summary financial information for these funds is presented below:

Condensed Statement of Net Position

	Terra Bella Sewer Maintenance District	County Service Area #1	County Service Area #2
Assets			
Current assets	$ 958	$ 495	$ 85
Restricted assets	-	-	16
Capital assets	855	2,705	270
Total assets	1,813	3,200	371
Liabilities			
Current liabilities	90	117	17
Noncurrent liabilities	655	1,352	234
Total liabilities	745	1,469	251
Net Position			
Net investment in capital assets	175	2,222	236
Restricted	-	-	16
Unrestricted (deficit)	893	(491)	(132)
Total net position	$ 1,068	$ 1,731	$ 120

June 30, 2017 (in thousands)

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Terra Bella Sewer Maintenance District	County Service Area #1	County Service Area #2
Water and sewer charges	$ 143	$ 516	$ 65
Other operating revenues	-	3	-
Depreciation expense	(53)	(157)	(14)
Other operating expenses	(155)	(639)	(125)
Operating loss	(65)	(277)	(74)
Nonoperating revenues (expenses)			
Taxes and special assessments	39	-	-
Penalties collected	1	5	-
Investment earnings	5	7	4
Interest expense	(32)	(34)	(4)
Change in net position	(52)	(299)	(74)
Beginning net position	1,120	2,030	194
Ending net position	$ 1,068	$ 1,731	$ 120

Condensed Statement of Cash Flows

	Terra Bella Sewer Maintenance District	County Service Area #1	County Service Area #2
Net cash provided (used) by			
Operating activities	$ (51)	$ (96)	$ (55)
Noncapital financing activities	40	110	45
Capital and related financing activities	(5)	(59)	(8)
Investing activities	5	7	4
Net decrease	(11)	(38)	(14)
Beginning cash and cash equivalents	862	365	97
Ending cash and cash equivalents	$ 851	$ 327	$ 83

The County maintains three nonmajor enterprise funds that account for the maintenance and operations of a sewer system (TBSMD) and clean and safe water systems (County Service Areas #1 and #2).

June 30, 2017 (in thousands)

O. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note I.E.9 for a description of these categories). A detailed schedule of fund balances at June 30, 2017 is as follows:

	General Fund	Public Facilities Corporation Fund	Public Financing Authority Fund	Realignment-Social Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	$ -	$ -	$ -	$ -	$ 223	$ 223
Prepaid items	2,805	-	-	-	499	3,304
San Joaquin Valley Insurance Authority Loan	4,000	-	-	-	-	4,000
Nonspendable subtotal	6,805	-	-	-	722	7,527
Restricted for						
Alcohol and drug programs	6,345	-	-	-	-	6,345
Child support services	-	-	-	-	2,359	2,359
County clerk	8,272	-	-	-	-	8,272
Debt service bond agreement	-	36	56,053	-	-	56,089
Education programs	-	-	-	-	2,012	2,012
Environmental programs	948	-	-	-	-	948
Fire department programs	-	-	-	-	1,763	1,763
Health care programs	492	-	-	27,368	25,465	53,325
Law enforcement	18,289	-	-	-	-	18,289
Mental health care programs	13,438	-	-	-	-	13,438
Other purposes	4,288	-	-	-	4,185	8,473
Public ways and facilities programs	-	-	-	-	34,006	34,006
Restricted subtotal	52,072	36	56,053	27,368	69,790	205,319
Committed to						
Advances to others	1,482	-	-	-	32	1,514
Other purposes	2	-	-	-	-	2
Property Tax Aumentum System	11,875	-	-	-	-	11,875
Sequoia Field Program Facility	-	-	-	-	2,200	2,200
South County Detention Facility	-	-	-	-	4,100	4,100
Strategic reserve	26,000	-	-	-	-	26,000
Committed subtotal	39,359	-	-	-	6,332	45,691
Assigned to						
Building and property improvement	1,130	-	-	-	-	1,130
Capital projects	-	-	3,500	-	51	3,551
Future eonomic development	5,045	-	-	-	-	5,045
Imprest cash	71	-	-	-	1	72
IT projects	2,866	-	-	-	-	2,866
Litigation	4,000	-	-	-	-	4,000
Other purposes	-	-	-	-	4,367	4,367
Pension stablilization	2,000	-	-	-	-	2,000
Step up	332	-	-	-	-	332
Youthful offender	5,288	-	-	-	-	5,288
Assigned subtotal	20,732	-	3,500	-	4,419	28,651
Unassigned	49,238	-	-	-	(3)	49,235
Total fund balances	$ 168,206	$ 36	$ 59,553	$ 27,368	$ 81,260	$ 336,423

V. Other Information

A. RISK MANAGEMENT

The County is exposed to tort claims arising out of various types of loss such as automobile losses, operations losses, and professional errors and omissions. The County is exposed to property loss and destruction of assets from theft, natural disasters, and other hazards. The County is exposed to workers' compensation claims arising out of job related injuries to County employees. The County uses a combination of self-insurance, pooled retentions with other counties, and commercial excess insurance to provide protection from loss. Premium is collected from County departments and deposited into the internal service funds to establish reserves to pay workers' compensation and general liability claims, pay insurance premiums, and pay the administrative costs associated with risk management and claim administration.

The Risk Management division self-administers the County's liability claim program. Losses and incidents that may become claims are reported to the Risk Management division for investigation, claim administration, and settlement. Incidents are immediately investigated and, when appropriate, a claim file is opened and reserves established to fund the value of the ultimate cost of the loss. In July of 2003, the County established a $250 self-insured retention (SIR) for the general liability program and the retention continues to remain at that value. The County purchases excess liability limits above its SIR to cover general liability, auto liability, and error and omissions claims. Total liability coverage limits for the fiscal year 2016/17 was $35,000. Liability costs and settlements have occasionally exceeded the SIR. There have been three settlements that have exceeded the SIR during fiscal year 2016/17. There are currently six open claims with reserves that exceed the SIR.

The property insurance program is a fully insured program and provides all risk coverage limits of $600,000 and $400,000 flood limits with a $10 deductible for real and personal property. The property insurance program includes boiler and machinery coverage with a $5 deductible. The vehicle deductible is $10. Other property insurance program deductibles apply based on the loss type. The property insurance program covers the cost of an appraisal every five years for buildings valued at $250 or more at no cost to the County. An appraisal of the County's buildings was completed in August of 2014 and the total insured value of the County's property assets is $585,000. The next full County appraisal will be in 2019. Insurance premium costs are collected from County agencies to cover individual claim deductibles and program administration expense.

The County purchases cyber liability coverage to protect against the release of personal or private information into the internet. The program deductible is $50. The County purchases insurance coverage for aviation, watercraft, and medical malpractice liability exposures. The watercraft program deductible is $1 and the medical malpractice program deductible is $10. The County purchases a crime bond to protect against employee theft or dishonesty. The crime bond deductible is $25 and coverage limits are $15,000.

The County is a member of the California State Association of Counties-Excess Insurance Authority (CSAC-EIA), a California Joint Powers Authority. The purpose of CSAC-EIA is to develop and fund insurance programs for California counties, cities, and other public agencies. CSAC-EIA was formed in October 1979 and has operated without interruption since that time. Approximately 58 counties and many municipalities and special districts participate in the program.

In 2001, the California Public Entities Insurance Authority was formed to allow other California public entities access to CSAC-EIA's programs and services. In 2006, the Joint Powers Agreement was amended to allow public entities to join CSAC-EIA directly. Through the restructure, two categories of membership were established: counties and public entities. CSAC-EIA's Board of Directors consists of one representative from each of the 54 county members and seven elected representatives from the other public entities. County and public entity members serve together on the Executive Committee and other committees that support CSAC-EIA. CSAC-EIA issues its own audited Comprehensive Annual Financial Report which can be obtained from them at 75 Iron Point Circle, Suite 200, Folsom, California 95630.

CSAC-EIA operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and other insurance programs. CSAC-EIA provides primary and excess insurance, subsidizes the cost of actuarial services for its members, performs loss prevention services, and contracts with consultants to conduct claim administration audits of its members.

June 30, 2017 (in thousands)

Self-insured retention and coverage limits are as follows:

Excess Insurance Program	Self-Insured Retention	Coverage Limits
Excess Workers' Compensation	$ 125	Statutory
General Liability Programs I & II	250	$ 25,000
Optional Excess General Liability	25,000	10,000
Property	10	600,000
Medical Malpractice	10	21,500

Liability reserves include an amount for estimated claims payable, including expenses and an accrual for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and the amount of payouts, as well as economic and social factors affecting claim values. The liability for claims and judgments is reported in the insurance internal service funds.

The County returned to a self-insured workers' compensation program on July 1, 2004. American International Group (AIG) provided a fully insured workers' compensation insurance policy for the previous six years. The workers' compensation program currently utilizes a $125 SIR and includes statutory coverage limits. The workers' compensation fund covers the cost of the County safety analysts and County safety programs. The Risk Management division self-administers the County safety program.

Effective April 2012, the County entered into a workers' compensation administration service agreement with CorVel Corporation, the County's third party administrator. CorVel Corporation performs claim administration on behalf of the County and makes claim payments from a joint revolving bank account of $500. The revolving fund is reconciled at least monthly by the County. The County renewed its claim administration agreement with CorVel in April 2017 for another three-year term.

Changes in the balances of claims liabilities during the last two fiscal years are as follows:

	Workers' Compensation	General and Property Damage	Total
Liability - June 30, 2015	$ 27,790	$ 6,362	$ 34,152
Claims incurred	5,749	53	5,802
Claims payments	(6,376)	(2,190)	(8,566)
Liability - June 30, 2016	27,163	4,225	31,388
Claims incurred	9,890	9,191	19,081
Claims payments	(8,233)	(9,119)	(17,352)
Liability - June 30, 2017	$ 28,820	$ 4,297	$ 33,117

B. JOINT VENTURES

A joint venture is defined by GASB Statement No. 14, *The Financial Reporting Entity,* as "a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain either (a) an ongoing financial interest, or (b) an ongoing financial responsibility." Aside from the County's membership in the CSAC-EIA as described in Note V.A, the County also participates in other joint ventures as follows:

California Statewide Communities Development Authority (CSCDA) The CSCDA is a California Joint Exercise of Powers Authority, organized and existing under the California Government Code Section 6500 and following, and is sponsored by the League of California Cities and the California State Association of Counties. The CSCDA is comprised of more than 500 California cities, counties, and special districts, including the County. The CSCDA is authorized to assist in the financing of

501(c) (3) nonprofit projects; however, the CSCDA may only issue debt with the approval of the governing body of the jurisdiction in which the project is located. There are no financial obligations placed on the County for project financing costs or debt repayment unless the County authorizes and incurs a direct obligation with CSCDA. Independently audited financial statements are available at CSCDA's website: http://cscda.org/Resources/Audits-Transaction-Reports.aspx.

Central Valley Immunization Information System (CVIIS) On January 1, 2001, the Counties of Fresno, Kern, Kings, Madera, Mono, and Tulare entered into a Joint Exercise of Powers Agreement by which they created and established CVIIS as a separate public agency. CVIIS was created to provide a client-oriented, automated immunization system so that residents of member counties will have access to and receive age appropriate immunizations pursuant to Health and Safety Code Section 120440 (b) (1)1. Support for CVIIS staffing and infrastructure was provided by the California Department of Public Health Immunization Branch (CDPH/IZB). In 2010, as a result of statewide budget cuts that prevented CDPH/IZB from continuing to provide financial support, patient data and supporting infrastructure for CVIIS and six other regional registries were moved to a single location where they were subsequently managed by CDPH/IZB technical staff. Beginning in late 2016, the seven separate CDPH/IZB-managed regional registries were consolidated into the single, statewide California Immunization Registry 2 (CAIR2) that continues to be managed by CDPH/IZB. Independently audited financial statements can be obtained from the County Health and Human Services Agency, 5957 South Mooney Boulevard, Visalia, California 93277.

East Kaweah Groundwater Sustainability Agency (EKGSA) The EKGSA is a California Joint Exercise of Powers Authority, organized to implement the Sustainable Groundwater Management Act in a portion of the Kaweah Sub-basin as defined by the California Department of Water Resources' Bulletin 118. The County is responsible for a pro rata share of operating costs. Independently audited financial statements can be obtained at 315 East Lindmore Street, Lindsay, California 93247.

East Tule Groundwater Sustainability Agency (ETGSA) The ETGSA is a California Joint Exercise of Powers Authority, organized to implement the Sustainable Groundwater Management Act in a portion of the Tule Sub-basin as defined by the California Department of Water Resources' Bulletin 118. The County is responsible for a pro rata share of operating costs. Due to its recent establishment, the ETGSA is still in the process of creating a budget and does not have independently audited financial statements at this time.

Goshen Public Financing Authority (GPFA) On September 17, 1996, the Tulare County Redevelopment Agency (RDA) and the Goshen Community Services District formed the legally-separate GPFA as a result of a Joint Powers Agreement. The County has pledged $53 each year for 40 years against United States Department of Agriculture (USDA) bonds secured by GPFA for a sewer project in Goshen. Tulare County Redevelopment Successor Agency (the Successor Agency) was formed because of the RDA dissolution and the pledge has transferred over to the Successor Agency. Independently audited financial statements can be obtained from the Goshen Community Services District, 6678 Avenue 308 and Road 67, Goshen, California 93227.

Greater Kaweah Groundwater Sustainability Agency (GKGSA) The GKGSA was established on August 23, 2016 as a result of a Joint Powers Agreement between the County, Kaweah Delta Water Conservation District, Lakeside Irrigation Water District, Kings County Water District, and St. Johns Water District for the purpose of meeting the sustainability goals and requirements for a portion of the Kaweah Sub-basin as mandated by the Sustainable Groundwater Management Act. In accordance with the Joint Powers Agreement, the County receipts deposits made by GKGSA, invests funds held in the County Treasury, issues checks at GKGSA's request, provides periodical expenditure and revenue reports, and arranges with a Certified Public Accounting firm to perform yearly audits of the agency. For all of the listed services, the County charges a quarterly administrative fee, which is dependent upon the number of transactions. Due to its recent establishment, the GKGSA does not have independently audited financial statements at this time.

Kings River East Groundwater Sustainability Agency (KREGSA) The KREGSA is a Special Act District, organized to implement the Sustainable Groundwater Management Act in a portion of the Kings Sub-basin as defined by the California Department of Water Resources' Bulletin 118. The County is responsible for a pro rata share of operating costs. Independently audited financial statements can be obtained at 289 North L Street, Dinuba, California 93618.

Kings/Tulare Area Agency on Aging (KTAAA) The KTAAA was established in 1980 as a result of a Joint Powers Agreement between Kings and Tulare Counties for the purpose of spending Older Americans Act and Older Californians Act monies in support of seniors. The County is responsible for a minimum of 78.0% of the required administrative match each year, but all resources would revert to the California Department of Aging. Independently audited financial statements can be obtained from the County Health and Human Services Agency, 5957 South Mooney Boulevard, Visalia, California 93277.

Lake Kaweah Enlargement Project The Lake Kaweah Enlargement project was established in 1999 as a result of a Joint Powers Agreement between the Kaweah Delta Water Conservation District, City of Visalia, County of Kings, Tulare Lake Bed Water Storage District, and the County for the purpose of constructing a spillway at Lake Kaweah in order to provide greater flood protection. The County is responsible for 12.0% of non-federally-supported costs of the project and retains a 12.0% interest in the completed project. Independently audited financial statements can be obtained from the Kaweah Delta Water Conservation District, 2975 Farmersville Boulevard, Farmersville, California 93223.

San Joaquin Valley Insurance Authority (SJVIA) On September 29, 2009, the Counties of Tulare and Fresno entered into a Joint Exercise of Powers Agreement by which they created the SJVIA as a separate public agency charged with the responsibility of providing health and medical benefits to over 10,000 Fresno and Tulare County employees. Independently audited financial statements can be obtained from the Fresno County Auditor-Controller's Office, 2281 Tulare Street #105, Fresno, California 93721.

San Joaquin Valley Library System The entity was established in 1970 as a result of a Joint Powers Agreement among library jurisdictions in the San Joaquin Valley for the purpose of reducing key costs of operations and improving services to the public. The County is responsible for staffing and minor purchases in support of the system. The County's financial interest is based upon its percentage of contributions to the system and direct costs for telecommunication. Independently audited financial statements can be obtained from the Fresno County Library, 2420 Mariposa Street, Fresno, California 93721.

San Joaquin Valley Water Infrastructure Authority (SJVWIA) The SJVWIA is a California Joint Exercise of Powers Authority, organized to promote local water storage projects that benefit the southern San Joaquin Valley. The County is responsible for annual membership dues. Any future projects support costs will be shared equally among participants with specific project costs shared according to separate agreements per project Independently audited financial statements can be obtained from the Fresno County Auditor-Controller's Office, 2281 Tulare Street #105, Fresno, California 93721.

Tulare County Association of Governments (TCAG) TCAG was established in 1971 as a result of a Joint Powers Agreement among incorporated cities and the County for the purpose of providing a forum for the coordination of transportation and air quality maintenance programs. The County is responsible for staffing and for a pro rata share of operating costs. Independently audited financial statements can be obtained at 210 North Church Street, Visalia, California 93291.

Tulare County Service Authority for the Abatement of Abandoned Vehicles (the Authority) The Authority was established in 1991 as a result of a Joint Powers Agreement among incorporated cities and the County for the purpose of removing and disposing of abandoned vehicles deemed to be public nuisances. The Authority is responsible for the collection and disbursement of authorized funds and meeting State reporting requirements for which the Authority receives 1.0% of the annual funds collected. The Authority has no resources other than cash, which is distributed immediately upon receipt. Independently audited financial statements can be obtained from the State of California Controller's Office, Post Office Box 942850, Sacramento, California 94250.

Upper Kings Basin Integrated Regional Water Management Authority (UKBIRWMA) On May 18, 2010, the County became a full voting member of the UKBIRWMA at a one-time cost of $30 plus annual dues of $7. The purpose of the UKBIRWMA is to engage in the management of water resources under the Integrated Regional Water Management Planning Act of 2002. The UKBIRWMA has brought in over $53,000 of funding to the region for planning and expanding local groundwater projects. Independently audited financial statements can be obtained from the Kings River Conservation District, 4886 East Jensen Avenue, Fresno, California 93725.

C. CONTINGENT LIABILITIES

As of June 30, 2017, the County was a defendant in a collective action brought by employees alleging that the County violated the Fair Labor Standards Act (FLSA) by miscalculating the base rate used to determine overtime rates payable to employees who received all, or a portion of, their benefit amounts in cash (cash in lieu). The potential plaintiffs are those who worked overtime and also received cash in lieu during the same pay period at any time since August 25, 2013. Only those employees who received less than the minimum amount required by the FLSA for overtime hours worked and received cash in lieu during the same period are likely to recover. As plaintiffs are currently opting in to the action, the County is unable to identify the number of employees who will opt in or the specific resulting liability. Rough estimates indicate a liability of less than $500 if all eligible employees opt in. Record keeping and payroll systems are being updated to correct the error. However, liability for underpayments and penalties will continue to accrue until those systems are brought into compliance.

Furthermore, in the opinion of the County Counsel, a large majority of tax assessment appeals will be withdrawn by the applicants or settled by a stipulation of value and the County's Tax Assessor will prevail in the majority of appeals.

Program Compliance Requirements The County participates in a number of federal and state assisted grant programs, principal of which are the Family Support Payments, Child Support Enforcement, Community Development Block Grants, Workforce Investment Act, Justice Subvention programs, and Local Public Works programs. These programs are subject to program compliance audits by the grantors and audits conducted under the Single Audit Act Amendments of 1996. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the County expects amounts, if any, to be immaterial.

Termination Fee Presently, the County is not engaged in any contracts containing contingent liability for an early termination.

Tulare County Redevelopment Successor Agency In accordance with AB 1X 26 and AB 1434, all redevelopment agencies in the State were dissolved and ceased to operate as legal entities as of February 1, 2012. It is reasonably possible that the State Department of Finance could invalidate any of the obligations reported on the Successor Agency's Recognized Obligations Payment Schedule. The range of potential loss of revenue to pay these obligations is between $0 and $6,386 over the remaining life of the Successor Agency (20 years).

D. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available for distribution until termination, retirement, death, or unforeseeable emergency.

The assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans — a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*, these assets are not included in the financial statements of the County since an outside party administers the plan assets.

E. TAX ABATEMENT

The County provides property tax abatements through the Agricultural Preserve Program. The program enrolls land in Williamson Act or Farmland Security Zone contracts whereby the land is exclusively restricted to agricultural, open space, or recreational uses in exchange for reduced property tax assessments. The Williamson Act established a voluntary, nine-year contract for land owners that automatically renews. The Farmland Security Zone is established by the local Board member within the agricultural preserve at the request of the property owner. The compatibility of a particular use is determined by a combination of the Board's judgment, California Government Code, and Revenue and Taxation Code. Valuation still uses direct capitalization, but the land rents reflect a non-growing use.

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. Exit from this voluntary contract can be accomplished by ceasing the automatic renewal and waiting for the contractual years to expire. Immediate cancellation of the contract is allowed with some conditions and requires a cancellation fee equal to 12.5% of the current market value. Assessed values under the contract are typically the result of a lawfully mandated income approach to value calculation.

No other commitments were made by the County as part of the Williamson Act or Farmland Security Zone contracts. For the fiscal year ended June 30, 2017, the Agricultural Preserve Program tax abatements are $6,775.

June 30, 2017 (in thousands)

F. EMPLOYEE RETIREMENT SYSTEM

The Tulare County Employees' Retirement Association (TCERA) was established July 1, 1945 under the provisions of the County Employees Retirement Act of 1937 (California Government Code Sections 31450 et seq.). TCERA operates as a cost-sharing multiple-employer defined benefit plan with special funding circumstances and provides retirement, disability, and death benefits for qualified employees of the County, County Courts, Strathmore Public Utility District, and Tulare County Association of Governments. TCERA was integrated with Social Security in 1956. TCERA is administered by a nine-member Board of Retirement. TCERA issues a separate Comprehensive Annual Financial Report. Copies of the annual financial report may be obtained from TCERA, 136 North Akers Street, Visalia, California 93291, or from TCERA's website at http://www.tcera.org/Investment-Financial/.

TCERA oversees four County pension plans, which provide retirement, disability, and death benefits. The passage of the California Public Employees' Pension Reform Act (PEPRA) of 2012 resulted in the establishment of Tier 4 which has two rate tiers for both general and safety members. The PEPRA created limits on pensionable compensation tied to Social Security taxable wage base for Tier 4 members. The aggregate effect of the PEPRA will ultimately decrease the County's retirement cost. The eligibility of membership for the four tiers is as follows:

Summary of Plans and Eligible Participants

Open for New Enrollment	
General Tier 4	General members who have a membership date on or after January 1, 2013, and who are not eligible for reciprocity with another qualified pension plan, may continue in plan.
Safety Tier 4	Safety members who have a membership date on or after January 1, 2013, and who are not eligible for reciprocity with another qualified pension plan, may continue in plan.
Closed to New Enrollment	
General Tier 3	General members who have a membership date on or between January 1, 1990 through December 31, 2012, may continue in plan.
Safety Tier 3	Safety members who have a membership date on or between January 1, 1990 through December 31, 2012, may continue in plan.
General Tier 2	General members who have a membership date on or between January 1, 1980 through December 31, 1989, may continue in plan.
Safety Tier 2	Safety members who have a membership date on or between January 1, 1980 through December 31, 1989, may continue in plan.
General Tier 1	General members who have a membership date on or before December 31, 1979, may continue in plan.
Safety Tier 1	Safety members who have a membership date on or before December 31, 1979, may continue in plan.

Tier 1 – Benefits are calculated using the highest average one-year salary. Tier 1 members receive a maximum of 3.0% cost-of-living adjustment annually after retirement. Tier 1 general members with service earned on or after July 1, 2005 are now subject to Internal Revenue Code (IRC) Section 415 limits due to the implementation of a new benefit formula. Only Tier 1 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 1 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Tier 2 – Benefits are calculated using the highest average three-year salary. Tier 2 members receive a maximum of 2.0% cost-of-living adjustment annually after retirement. Tier 2 general members with service earned on or after July 1, 2005 are now subject to IRC Section 415 limits due to the implementation of a new benefit formula. Only Tier 2 general members who entered deferred status prior to the implementation of the new benefit formula are exempt from these limits. All Tier 2 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Tier 3 – Benefits are calculated using the highest average three-year salary. Tier 3 members receive a maximum of 2.0% cost-of-living adjustment annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRC Section 415 limits. All Tier 3 members are subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

June 30, 2017 (in thousands)

Tier 4 – Benefits are calculated using the highest average three-year salary. An earnings cap provision limits the benefits payable to some Tier 4 member. Tier 4 members receive a maximum of 2.0% cost-of-living adjustment annually after retirement. All employees who joined TCERA on or after January 1, 1990 are subject to IRC Section 415 limits. Tier 4 members are not subject to Article 5.5 Alternative Financial Provisions of the California Government Code.

Benefits Provided

Tiers 1, 2, and 3 – The benefit is a percentage of monthly final average salary per year of service, depending on age at retirement. Due to the fact that TCERA is integrated with Social Security, the benefit is reduced by one-third of the percentage multiplied by the first three-hundred and fifty dollars of monthly final average salary per year of service credited after January 1, 1956. Benefits partially vest at five years of service and full vesting requires 10 years of service and a minimum age of 50 in order to receive a lifetime monthly retirement benefit. General members with 30 years of service and safety members with 20 years of service are eligible for retirement benefits at any age. Members who reach age 70, regardless of years of service, are eligible for retirement benefits.

Tier 4 – The benefit is a percentage of monthly final average salary per year of service, depending on the age at retirement. Benefits fully vest at five years of service and at a minimum age of 52 for general members and 50 for safety members.

Disability Benefit – Service related disability benefits are based upon the greater amount of 50.0% of final average salary or service retirement benefit if the member is eligible.

In accordance with Section 31727.7 of the County Employees Retirement Act of 1937, a member who has five years or more of credited service upon retirement for non-service connected disability, in lieu of any other allowance, shall receive a disability allowance equal to the percentage of final compensation set forth opposite the member’s number of years of service in the following table:

Years of Service	Percentage of Final Compensation
Five years, but less than six years	20.0%
Six years, but less than seven years	22.0%
Seven years, but less than eight years	24.0%
Eight years, but less than nine years	26.0%
Nine years, but less than ten years	28.0%
Ten years, but less than eleven years	30.0%
Eleven years, but less than twelve years	32.0%
Twelve years, but less than thirteen years	34.0%
Thirteen years, but less than fourteen years	36.0%
Fourteen years, but less than fifteen years	38.0%
Fifteen or more years	40.0%

Termination Benefit – Upon termination, members’ accumulated contributions are refundable with interest accrued through the prior interest crediting period (June 30 and December 31).

Death Benefit – If a member dies before retirement, the return of contributions with interest, along with a death benefit, is payable to the member's beneficiary or estate in the amount of one month's salary for each completed year of service under the retirement system, but not to exceed six months' salary. In lieu of the basic death benefit, if a member dies after becoming eligible for service retirement or non-service connected disability, an eligible spouse or minor child may elect to receive 60.0% of the allowance that the member would have received for retirement as of the day of their death. If the member dies in the performance of duty, an eligible spouse or minor child receives 50.0% of the member's final average salary.

If the member dies after retirement, then the benefits depend upon the type of retirement, the member’s employment status at retirement, and the retirement option selected. If the retirement was for service connected disability, 100% of the member's basic allowance as it was at death is continued to the surviving spouse for life. If the retirement was for other than service connected disability, and the unmodified option was selected at the time of retirement, 60.0% of the member's allowance is continued to an eligible spouse for life. If the deceased member retired directly from active employment with a TCERA employer, a lump sum burial benefit of $5 is paid to the beneficiary or estate.

June 30, 2017 (in thousands)

Specific details for the retirement benefit calculations for each tier, including benefit factors, can be found in TCERA's Comprehensive Annual Financial Report, which is available at TCERA's website: http://www.tcera.org/Investment-Financial/.

Contributions Per Article 16 of the Constitution of the State of California, contribution requirements of the active employees and the participating employers are established and may be amended by TCERA's Board of Retirement.

Member – The basic member rates are based on a formula reflecting the member's age of entry into TCERA. The rates are set to provide a retirement amount that is equal to a fractional part of the highest year('s) salary, based on membership and tier. For members integrated with Social Security (Tiers 1 - 3), the contributions are reduced by one-third of such contribution payable with respect to the first three-hundred and fifty dollars of monthly salary. Due to a collective bargaining agreement, the County has a legal obligation to contribute 50.0% of the contributions required for active Tier 1 plan members. The rates reflected for Tier 1 members do not reflect the County "pickup." Employees contribute 5.0% to 20.0% of their annual pay based on their date of entrance into the plan, age at entry, and membership type (General or Safety).

Employer – The employer rates are actuarially determined annually to provide for the balance of the contributions needed to fund the promised benefits as set forth in the County Employees Retirement Act of 1937. Employer contribution rates consist of two components: the normal cost and the Unfunded Actuarial Liability (UAL). The UAL is being amortized over a declining 19-year period. The amortization method is level percentage of payroll. Contribution levels are recommended by the actuary and adopted by the Board of Retirement each year. The County's actuarially determined contributions to the plan for the fiscal year ended June 30, 2016 was $29,742, which was 12.5% of covered-employee payroll. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of members.

Net Pension Liability On June 30, 2017, the County reported a liability of $398,539 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2016, the County's proportion was 95.0296%, which was a decrease of 0.1767% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the County recognized pension expense of $43,409. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2017, the County 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
Differences between expected and actual experience	$ 4,328	$ 30,865
Changes in assumptions	64,291	-
Net difference between projected and actual earnings on retirement plan investments	89,675	-
County contributions subsequent to the measurement date	30,557	-
	$ 188,851	$ 30,865

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The deferred outflows of resources in the amount of $30,557, related to pensions resulting from County contributions subsequent to the actuary measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

June 30, 2017 (in thousands)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	$ 29,244
2018	29,244
2019	48,777
2020	20,164
	$ 127,429

Actuarial Assumptions The total pension liability as of June 30, 2017 was determined by rolling forward the plan's total pension liability as of June 30, 2015 to June 30, 2016, and adjusting for the change in discount rate and other actuarial assumptions as of June 30, 2016.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

At June 30, 2016, the plan's long-term expected rate of return on pension plan investments was 7.75%, which was a decrease of 0.05% from the prior fiscal year.

June 30, 2017 (in thousands)

The mortality rates used by the actuary are as follows:

	2016	2015
Mortality – Healthy Lives	General Members: RP-2014 Sex Distinct Combined Healthy Tables with Generational Improvement Using Projections Scale MP-2015, increased by 12.1% to reflect plan experience. Safety Members: RP-2014 Sex Distinct Combined Healthy Tables with Blue-collar Adjustment and Generational Improvement using Projections Scale MP-2015, increased by 4.5% to reflect plan experience.	General Members: RP-2014 Sex Distinct Combined Healthy Tables with Generational Improvement Using Projections Scale MP-2015, increased by 12.1% to reflect plan experience. Safety Members: RP-2014 Sex Distinct Combined Healthy Tables with Blue-collar Adjustment and Generational Improvement using Projections Scale MP-2015, increased by 4.5% to reflect plan experience.
Mortality – Disabled Lives	All Members: RP-2014 Sex Distinct Generational Disabled Annuitant Mortality Table with Generational Improvement Using Projection Scale MP-2015.	All Members: RP-2014 Sex Distinct Generational Disabled Annuitant Mortality Table with Generational Improvement Using Projection Scale MP-2015.
Mortality for Member Contribution Rate Purposes	RP-2014 Mortality Tables with Generational Improvement Using Projection Scale MP-2015.	RP-2014 Mortality Tables with Generational Improvement Using Projection Scale MP-2015.

June 30, 2017 (in thousands)

The actuary salary increase assumptions are as follows:

Years of Service	General Members	Safety Members
0	5.00%	6.00%
1	4.50%	5.75%
2	4.00%	5.50%
3	2.50%	4.50%
4	2.25%	4.25%
5	2.00%	4.00%
6	1.75%	3.50%
7	1.50%	3.00%
8	1.00%	2.50%
9	0.50%	2.00%
10	0.50%	1.50%
11	0.50%	1.00%
12	0.50%	0.50%
13	0.50%	0.50%
14	0.50%	0.50%
15	0.50%	0.50%
16	0.50%	0.50%
17	0.50%	0.50%
18	0.50%	0.50%
19	0.50%	0.50%
20 or more	0.50%	0.50%

The investment ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	20.0%	3.8%
Non-U.S. Equity (developed and emerging)	20.0%	7.8%
Global Equity	3.0%	5.7%
Fixed Income	27.0%	2.2%
Global Fixed Income	0.0%	0.4%
Private Credit	5.0%	7.1%
Commodities	5.0%	2.0%
Real Estate	10.0%	2.7%
Private Equity	5.0%	6.2%
Hedge Funds	5.0%	3.0%
Total	100.0%	

Discount Rate At June 30, 2016, the discount rate (actuarially determined) used to measure the total pension liability was 7.58%, which was a decrease of 0.12% from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that TCERA contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members until 2081. A municipal bond rate of 2.85% was used in the development of the blended GASB discount rate after that point. Projected benefit payments are discounted at the long-term expected return on assets of 7.75% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.85% to the extent they are not available. The single equivalent rate used to determine the total pension liability as of June 30, 2016 was 7.58%. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statements No. 67 and 68.

June 30, 2017 (in thousands)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the June 30, 2016 discount rate of 7.58%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.58%) or one-percentage-point higher (8.58%) than the current rate:

	1% Decrease 6.58%	Discount Rate 7.58%	1% Increase 8.58%
County's proportionate share of the net pension plan liability	$ 612,023	$ 398,539	$ 224,970

Pension Fund Fiduciary Net Position

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of TCERA and additions to/deductions from Tulare Pension Plan's fiduciary net position have been determined on the same basis as they are reported by TCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due in accordance with the benefit terms. The Board of Retirement has adopted an actuarial value of assets method that recognizes the difference between expected and actual market returns, net of expenses, over a 10-year period (starting in 2009).

Benefit changes since June 30, 2013 – None.

Changes of assumptions since June 30, 2015 – The expected return on assets changed from 7.80% as of June 30, 2015 to 7.75% as of June 30, 2016. Also, the municipal bond rate changed from 3.80% as of June 30, 2015 to 2.85% as of June 30, 2016. In addition, the discount rate changed from 7.70% as of June 30, 2015 to 7.58% as of June 30, 2016.

Detailed information about the pension fund's fiduciary net position is available in the separately issued TCERA's Comprehensive Annual Financial Report, which is available at TCERA's website: http://www.tcera.org/Investment-Financial/.

G. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The County's postemployment benefit plan is an agent multiple-employer plan. The County allows retirees who participate in the County administered medical plan and retire directly from active service under the TCERA to continue to participate in the County administered medical plan at the retirees' expense. The same premiums are charged to both active employees and retirees. Although the County does not explicitly subsidize retirees' medical plan premiums, allowing retirees to participate in the same plan at the same premium rate results in an "implied subsidy." The "implied subsidy" on the government-wide statements is done solely for purposes of complying with accounting standards and is not an admission by the County that the benefit is in any way a vested benefit to which any current or former employee is or will be entitled. Under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the value of this implied subsidy must be included in the employer's Annual Required Contribution (ARC) and Actuarial Accrued Liability (AAL) to the extent that the employers pay at least that amount in active employee premiums.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation, as well as 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets (if any), consistent with the long-term perspective of the calculations.

In the County's June 30, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.75% discount rate. The annual healthcare cost rate assumption for pre-medicare is 7.50% and a post-medicare cost rate of 6.50%. These rates include an inflation assumption of 2.75%. The AAL is the cumulative value of the projected benefits. The unfunded AAL is amortized as a level percent of payroll over a closed 30-year period from June 30, 2007. As of June 30, 2017, there are 20 years remaining.

Actuarial valuations of an ongoing OPEB 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, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the ARC 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 for the County's OPEB is presented as required supplementary information following the notes to the basic financial statements. This schedule will present multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the AAL for benefits.

June 30, 2017 (in thousands)

Using a 3.75% discount rate, the actuarial values are as follows:

As of June 30, 2016		
Present Value of Projected Benefits (PVPB)	$	34,658
Actuarial Accrued Liability (AAL)	$	11,965
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	11,965
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	$	222,017
UAAL as a percentage of covered payroll		5.4%

Plan Cost for the Year Ended June 30, 2017		
Normal Cost (NC)	$	1,905
UAAL amortization		635
Annual Required Contribution (ARC)	$	2,540
Projected payroll	$	222,017
ARC as a percentage of payroll		1.1%

OPEB Cost for the Year Ended June 30, 2017		
ARC	$	2,540
Interest on net OPEB obligation		592
Adjustment to ARC		(838)
Annual OPEB cost		2,294
Contributions made		(685)
Increase in net OPEB obligation		1,609
Net OPEB obligation - beginning of year		15,793
Net OPEB obligation - end of year	$	17,402

3 Year OPEB Trend

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 1,260	26.0%	$ 14,789
6/30/2016	$ 1,319	23.9%	$ 15,793
6/30/2017	$ 2,294	29.9%	$ 17,402

H. TRIAL COURT FUNDING

Assembly Bill (AB) 233, which was adopted by the State Legislature in 1997 and became effective January 1, 1998, transfers responsibility from the counties to the State for local trial court funding commencing in the 1997/98 fiscal year. Under this legislation, the State assumed a greater degree of responsibility for trial court operations costs from fiscal year 1997/98 forward.

The County will continue to be obligated to provide court facilities for all judicial officers and support positions authorized prior to July 1, 1996. This includes those judicial officers and positions, which replace those officers and positions created prior to July 1, 1996. However, AB 233 does not require that the County finance new capital facility expenditures related to judicial officers and support staff required for any judgeships authorized during the period from January 1, 1998 to June 30, 2003. The County remained obligated to fund capital expenditures with respect to capital needs of existing judicial officers and support positions located in several of its courthouse facilities until an agreement can be reached for each specific facility.

In fiscal year 2006/07, the County began negotiations with the State of California Judicial Council for individual facilities. Per the agreements, the County would be obligated to contribute an ongoing quarterly Court Facilities Payment to the State which will be adjusted annually.

In addition, there would be a Joint Occupancy Agreement between Judicial Council and the County. The primary occupant would be determined for each facility based upon square footage occupied. The responsibilities of each occupant would be outlined in the agreements and the secondary occupant would be required to reimburse the primary occupant a predetermined percentage of such expenses as utilities and repairs. The secondary occupant would be invoiced quarterly.

As of June 30, 2009, Joint Occupancy Agreements have been signed for the Tulare Courthouse (in which the County was originally a 30.0% occupant but no longer occupies due to closure of the courthouse), the Porterville Courthouse (in which the County was originally a 46.0% occupant but now occupies approximately 23.0% due to the closure of the courthouse), the Visalia Courthouse (in which the County is a 68.0% occupant), the William Silveira Jr. Juvenile Justice Center (in which the County is a 87.0% occupant), and the Dinuba Courthouse (in which the County does not occupy). The County is currently evaluating its options with regard to the now vacant Tulare Courthouse and is coordinating with the Administrative Office of the Courts.

Required Supplementary Information

COUNTY OF TULARE
Tulare County Employees' Retirement Association
Schedule of the County's Contributions and Schedule of the County's Proportionate Share of Net Pension Liability (unaudited)
June 30, 2017 (in thousands)

Last 10 Fiscal Years*

	2016	2015	2014	2013
Actuarially determined contribution for the fiscal year	$ 29,742	$ 29,506	$ 24,641	$ 28,642
Less the contributions in relation to the actuarially determined contribution	(29,742)	(29,506)	(24,641)	(28,642)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered-employee payroll	$ 238,559	$ 229,431	$ 222,683	$ 218,323
Contributions as a percentage of covered-employee payroll	12.5%	12.9%	11.1%	13.1%

*Amounts presented above were determined as of June 30, 2016. Additional years will be presented as they become available.

Last 10 Fiscal Years*

	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	95.0296%	95.2063%	94.5629%	95.5672%
County's proportionate share of the net pension liability (asset)	$ 398,539	$ 292,497	$ 148,162	$ 222,006
County's covered-employee payroll	$ 238,559	$ 229,431	$ 222,683	$ 218,323
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	167.1%	127.5%	66.5%	101.7%
Plan fiduciary net position as a percentage of the total pension liability	73.5%	79.8%	87.6%	80.4%

*Amounts presented above were determined as of June 30, 2016. Additional years will be presented as they become available.

Notes to Required Supplementary Information

Changes in assumptions – At June 30, 2016, the plan's long-term expected rate of return on pension plan investments was 7.75%, which was a decrease of 0.05% from the prior fiscal year.

COUNTY OF TULARE
Tulare County Employees’ Other Postemployment Benefits
Schedule of Funding Progress (unaudited)
June 30, 2017 (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded Actuarial Accrued Liability/ (Surplus) (UAAL/S) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL/S as a % of Covered Payroll (B-A)/C
6/30/2006	$ -	$ 13,744	$ 13,744	0.00%	$ 194,399	7.07%
6/30/2008	-	12,411	12,411	0.00%	214,673	5.78%
6/30/2010	-	12,596	12,596	0.00%	205,008	6.14%
6/30/2012	-	25,597	25,597	0.00%	204,009	12.55%
6/30/2014	-	4,350	4,350	0.00%	205,198	2.12%
6/30/2016*	-	11,965	11,965	0.00%	222,017	5.39%

* Data provided by Bartel Associates, LLC. "County of Tulare Retiree Healthcare Plan Actuarial Valuation as of June 30, 2016."

Note to Required Supplementary Information

The OPEB schedule presented relates solely to the County.

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Combining and Individual Fund Statements and Schedules

COUNTY OF TULARE
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2017 (in thousands)

	Total Special Revenue Funds	Total Debt Service Fund	Total Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash in banks	$ 283	$ -	$ -	$ 283
Investment in treasury pool	73,177	3,574	14,660	91,411
Imprest cash	1	-	-	1
Receivable (net of allowance for uncollectibles)				
Accounts	2,870	-	-	2,870
Due from other funds	-	-	100	100
Due from other governments	8,443	-	-	8,443
Prepaid items	499	-	-	499
Advances to other funds	32	-	-	32
Notes receivable	16,336	-	-	16,336
Inventories	223	-	-	223
Total assets	$ 101,864	$ 3,574	$ 14,760	$ 120,198
LIABILITIES				
Accounts payable	$ 5,191	$ 52	$ 8,104	$ 13,347
Due to other governments	2,497	-	279	2,776
Salaries and benefits payable	1,983	-	26	2,009
Advances	2,578	-	-	2,578
Advances from other funds	220	-	-	220
Total liabilities	12,469	52	8,409	20,930
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - special assessments	18,008	-	-	18,008
Total deferred inflows of resources	18,008	-	-	18,008
FUND BALANCES				
Nonspendable	722	-	-	722
Restricted	69,790	-	-	69,790
Committed	32	-	6,300	6,332
Assigned	846	3,522	51	4,419
Unassigned	(3)	-	-	(3)
Total fund balances	71,387	3,522	6,351	81,260
Total liabilities, deferred inflows of resources, and fund balances	$ 101,864	$ 3,574	$ 14,760	$ 120,198

COUNTY OF TULARE
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Total Special Revenue Funds	Total Debt Service Fund	Total Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes and special assessments	$ 28,422	$ -	$ -	$ 28,422
Licenses and permits	13	-	-	13
Fines, forfeitures, and penalties	811	1,171	-	1,982
Interest, rents, and concessions	524	(2)	-	522
Intergovernmental revenues	57,215	-	-	57,215
Charges for services	4,627	-	-	4,627
Other revenues	4,341	-	31	4,372
Total revenues	95,953	1,169	31	97,153
EXPENDITURES				
Current				
General government	-	-	7,861	7,861
Public protection	30,832	-	944	31,776
Public ways and facilities	17,320	-	-	17,320
Health and sanitation	4	-	-	4
Public assistance	11,455	-	-	11,455
Education	4,201	-	-	4,201
Debt service				
Principal retirement	-	500	-	500
Interest and fiscal charges	-	124	-	124
Capital outlay	12,727	-	29,087	41,814
Total expenditures	76,539	624	37,892	115,055
Excess (deficiency) of revenues over (under) expenditures	19,414	545	(37,861)	(17,902)
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	58	-	22	80
Transfers in	20,103	2,751	15,187	38,041
Transfers (out)	(26,253)	-	(22)	(26,275)
Total other financing sources (uses)	(6,092)	2,751	15,187	11,846
Net change in fund balances	13,322	3,296	(22,674)	(6,056)
Fund balances - beginning	58,065	226	29,025	87,316
Fund balances - ending	$ 71,387	$ 3,522	$ 6,351	$ 81,260

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COUNTY OF TULARE
Nonmajor Governmental Funds
Special Revenue Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Indigent Health Fund – This fund is used to account for monies paid to hospitals and doctors for services rendered to individuals who cannot pay. This fund was established in fiscal year 1989/90 to receive the County's share of Proposition 99 monies per Assembly Bill (AB) 75. The primary source of revenue is tobacco taxes.

Redevelopment Successor Agency Housing Fund – The Redevelopment Successor Agency Housing Fund was created on February 1, 2012, pursuant to the provisions of the Redevelopment Restructuring Act. Under this act, the County elected to assume the housing functions and take over the housing assets of the former Tulare County Redevelopment Agency, along with the related rights, powers, liabilities, duties, and obligations. The primary source of revenue is property taxes.

Library Fund – This fund is used to account for informational, cultural, and recreational services to the public through library outlets. The primary sources of revenue are charges for services, ad valorem property taxes, and state funds.

Fish and Game Fund – This fund is used to account for improving the habitat for wildlife propagation and for incidental administrative matters. The primary source of revenue is the County's share of fines levied for violations of fish and game laws within its boundaries.

Aviation Fund – This fund is used to account for aviation services to the public and governmental agencies. The primary source of revenue is aircraft taxes.

Structural Fire Fund – This fund is used to account for public structural fire protection. The primary sources of revenue are charges for services, ad valorem property taxes, and state funds.

Roads Fund – This fund is used to account for the maintenance and construction of roadways and for specialized engineering services to other governmental units and the public. The primary sources of revenue are the County's share of state highway users taxes, Transportation Development Act, and Intermodal Surface Transportation Efficiency Act revenues.

Workforce Investment Fund – This fund is used to account for services providing training and employment opportunities for the public. The primary sources of revenue are state and federal grants.

Child Support Services Fund – This fund is used to account for the costs of administering child support services to families in the County. The primary source of revenue is charges for services.

Mental Health Realignment Fund – This state mandated fund was established to account for the County match, sales tax revenues, and transfers to/from the General Fund for certain mental health program expenditures. The primary source of revenue is state funds.

Health Realignment Fund – This state mandated fund was established to account for the County match, sales tax revenues, and transfers to/from the General Fund for certain health program expenditures. The primary source of revenue is state funds.

Tobacco Settlement Fund – This fund was established to receive the County's share of the Tobacco Settlement litigation proceeds. The primary source of revenue is tobacco taxes.

Flood Control Fund – This fund is used to account for flood control services provided in the County. The primary sources of revenue are ad valorem property taxes, assessments, and state funds.

Community Development Block Grant (CDBG) Fund – This fund was set up to collect and recycle repayment of CDBG loan funds. The primary source of revenue is federal grants.

Housing Opportunities Made Equal Fund – This fund is used to collect and recycle repayment of home loan funds. The primary source of revenue is federal grants.

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2017 (in thousands)

	Indigent Health	Redevelopment Successor Agency Housing	Library	Fish and Game
ASSETS				
Cash in banks	$ -	$ -	$ -	$ -
Investment in treasury pool	888	9	2,270	13
Imprest cash	-	-	1	-
Receivable (net of allowance for uncollectibles)				
Accounts	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	499	-
Advances to other funds	-	32	-	-
Notes receivable	-	1,904	-	-
Inventories	-	-	-	-
Total assets	$ 888	$ 1,945	$ 2,770	$ 13
LIABILITIES				
Accounts payable	$ 863	$ -	$ 11	$ -
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	122	-
Advances	-	1,904	-	-
Advances from other funds	-	-	-	-
Total liabilities	863	1,904	133	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	499	-
Restricted	25	9	2,012	-
Committed	-	32	-	-
Assigned	-	-	126	13
Unassigned	-	-	-	-
Total fund balances	25	41	2,637	13
Total liabilities, deferred inflows of resources, and fund balances	$ 888	$ 1,945	$ 2,770	$ 13

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Balance Sheet (continued)
June 30, 2017 (in thousands)

	Aviation	Structural Fire	Roads	Workforce Investment
ASSETS				
Cash in banks	$ -	$ -	$ 233	$ -
Investment in treasury pool	78	1,674	33,613	531
Imprest cash	-	-	-	-
Receivable (net of allowance for uncollectibles)				
Accounts	41	13	149	-
Due from other governments	35	820	7,002	-
Prepaid items	-	-	-	-
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	223	-
Total assets	$ 154	$ 2,507	$ 41,220	$ 531
LIABILITIES				
Accounts payable	$ 25	$ 85	$ 3,698	$ 442
Due to other governments	-	-	2,497	-
Salaries and benefits payable	-	663	553	91
Advances	-	-	30	-
Advances from other funds	120	-	-	-
Total liabilities	145	748	6,778	533
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	223	-
Restricted	9	1,759	34,006	-
Committed	-	-	-	-
Assigned	-	-	213	-
Unassigned	-	-	-	(2)
Total fund balances	9	1,759	34,442	(2)
Total liabilities, deferred inflows of resources, and fund balances	$ 154	$ 2,507	$ 41,220	$ 531

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Balance Sheet (continued)
June 30, 2017 (in thousands)

	Child Support Services	Mental Health Realignment	Health Realignment	Tobacco Settlement
ASSETS				
Cash in banks	$ -	$ -	$ -	$ -
Investment in treasury pool	3,057	6,753	18,687	-
Imprest cash	-	-	-	-
Receivable (net of allowance for uncollectibles)				
Accounts	-	-	-	2,667
Due from other governments	540	-	-	-
Prepaid items	-	-	-	-
Advances to other funds	-	-	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Total assets	$ 3,597	$ 6,753	$ 18,687	$ 2,667
LIABILITIES				
Accounts payable	$ 52	$ -	$ -	$ -
Due to other governments	-	-	-	-
Salaries and benefits payable	554	-	-	-
Advances	632	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	1,238	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - special assessments	-	-	-	2,667
Total deferred inflows of resources	-	-	-	2,667
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,359	6,753	18,687	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	2,359	6,753	18,687	-
Total liabilities, deferred inflows of resources, and fund balances	$ 3,597	$ 6,753	$ 18,687	$ 2,667

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Balance Sheet (continued)
June 30, 2017 (in thousands)

	Flood Control	Community Development Block Grant	Housing Opportunities Made Equal	Total Special Revenue Funds
ASSETS				
Cash in banks	$ -	$ 49	$ 1	$ 283
Investment in treasury pool	4,624	395	585	73,177
Imprest cash	-	-	-	1
Receivable (net of allowance for uncollectibles)				
Accounts	-	-	-	2,870
Due from other governments	-	46	-	8,443
Prepaid items	-	-	-	499
Advances to other funds	-	-	-	32
Notes receivable	-	4,020	10,412	16,336
Inventories	-	-	-	223
Total assets	$ 4,624	$ 4,510	$ 10,998	$ 101,864
LIABILITIES				
Accounts payable	$ 3	$ 12	$ -	$ 5,191
Due to other governments	-	-	-	2,497
Salaries and benefits payable	-	-	-	1,983
Advances	-	-	12	2,578
Advances from other funds	-	100	-	220
Total liabilities	3	112	12	12,469
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue - special assessments	-	4,354	10,987	18,008
Total deferred inflows of resources	-	4,354	10,987	18,008
FUND BALANCES				
Nonspendable	-	-	-	722
Restricted	4,168	3	-	69,790
Committed	-	-	-	32
Assigned	453	41	-	846
Unassigned	-	-	(1)	(3)
Total fund balances	4,621	44	(1)	71,387
Total liabilities, deferred inflows of resources, and fund balances	$ 4,624	$ 4,510	$ 10,998	$ 101,864

Concluded

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Indigent Health	Redevelopment Successor Agency Housing	Library	Fish and Game
REVENUES				
Taxes and special assessments	$ -	$ -	$ 4,275	$ -
Licenses and permits	-	-	-	-
Fines, forfeitures, and penalties	805	-	-	6
Interest, rents, and concessions	8	-	2	-
Intergovernmental revenues	150	-	96	-
Charges for services	-	-	139	-
Other revenues	64	9	30	1
Total revenues	1,027	9	4,542	7
EXPENDITURES				
Current				
Public protection	-	-	-	8
Public ways and facilities	-	-	-	-
Health and sanitation	4	-	-	-
Public assistance	1,094	-	-	-
Education	-	-	4,201	-
Capital outlay	-	-	14	-
Total expenditures	1,098	-	4,215	8
Excess (deficiency) of revenues over (under) expenditures	(71)	9	327	(1)
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(71)	9	327	(1)
Fund balances - beginning	96	32	2,310	14
Fund balances - ending	$ 25	$ 41	$ 2,637	$ 13

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Aviation	Structural Fire	Roads	Workforce Investment
REVENUES				
Taxes and special assessments	$ -	$ 8,514	$ 15,018	$ -
Licenses and permits	-	13	-	-
Fines, forfeitures, and penalties	-	-	-	-
Interest, rents, and concessions	8	21	123	286
Intergovernmental revenues	26	2,536	15,152	7,041
Charges for services	-	421	3,325	742
Other revenues	-	126	173	10
Total revenues	34	11,631	33,791	8,079
EXPENDITURES				
Current				
Public protection	-	16,892	-	235
Public ways and facilities	22	32	17,266	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	10,219
Education	-	-	-	-
Capital outlay	36	396	11,916	-
Total expenditures	58	17,320	29,182	10,454
Excess (deficiency) of revenues over (under) expenditures	(24)	(5,689)	4,609	(2,375)
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	49	-
Transfers in	-	6,242	-	2,363
Transfers (out)	-	-	(23)	(6)
Total other financing sources (uses)	-	6,242	26	2,357
Net change in fund balances	(24)	553	4,635	(18)
Fund balances - beginning	33	1,206	29,807	16
Fund balances - ending	$ 9	$ 1,759	$ 34,442	$ (2)

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Child Support Services	Mental Health Realignment	Health Realignment	Tobacco Settlement
REVENUES				
Taxes and special assessments	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Interest, rents, and concessions	11	-	(1)	-
Intergovernmental revenues	13,076	16,069	2,538	-
Charges for services	-	-	-	-
Other revenues	7	-	-	3,920
Total revenues	13,094	16,069	2,537	3,920
EXPENDITURES				
Current				
Public protection	13,227	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	-	-	-
Capital outlay	26	-	-	-
Total expenditures	13,253	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(159)	16,069	2,537	3,920
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	9	-	-	-
Transfers in	69	1,337	10,042	-
Transfers (out)	-	(17,229)	(5,022)	(3,920)
Total other financing sources (uses)	78	(15,892)	5,020	(3,920)
Net change in fund balances	(81)	177	7,557	-
Fund balances - beginning	2,440	6,576	11,130	-
Fund balances - ending	$ 2,359	$ 6,753	$ 18,687	$ -

Continued

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Flood Control	Community Development Block Grant	Housing Opportunities Made Equal	Total Special Revenue Funds
REVENUES				
Taxes and special assessments	$ 615	$ -	$ -	$ 28,422
Licenses and permits	-	-	-	13
Fines, forfeitures, and penalties	-	-	-	811
Interest, rents, and concessions	71	-	(5)	524
Intergovernmental revenues	99	432	-	57,215
Charges for services	-	-	-	4,627
Other revenues	1	-	-	4,341
Total revenues	786	432	(5)	95,953
EXPENDITURES				
Current				
Public protection	470	-	-	30,832
Public ways and facilities	-	-	-	17,320
Health and sanitation	-	-	-	4
Public assistance	-	142	-	11,455
Education	-	-	-	4,201
Capital outlay	-	339	-	12,727
Total expenditures	470	481	-	76,539
Excess (deficiency) of revenues over (under) expenditures	316	(49)	(5)	19,414
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	-	58
Transfers in	-	50	-	20,103
Transfers (out)	(41)	(12)	-	(26,253)
Total other financing sources (uses)	(41)	38	-	(6,092)
Net change in fund balances	275	(11)	(5)	13,322
Fund balances - beginning	4,346	55	4	58,065
Fund balances - ending	$ 4,621	$ 44	$ (1)	$ 71,387

Concluded

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Indigent Health Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines, forfeitures, and penalties	$ 1,053	$ 1,053	$ 805	$ (248)
Interest, rents, and concessions	42	42	8	(34)
Intergovernmental revenues	169	169	150	(19)
Other revenues	5	5	64	59
Total revenues	1,269	1,269	1,027	(242)
EXPENDITURES				
Current				
Health and sanitation	7	7	4	3
Public assistance	1,313	1,313	1,094	219
Total expenditures	1,320	1,320	1,098	222
Deficiency of revenues under expenditures	(51)	(51)	(71)	(20)
OTHER FINANCING SOURCES				
Transfers in	9	9	-	(9)
Total other financing sources	9	9	-	(9)
Net change in fund balances	(42)	(42)	(71)	(29)
Fund balances - beginning	96	96	96	-
Fund balances - ending	$ 54	$ 54	$ 25	$ (29)

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Redevelopment Successor Agency Housing Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Other revenues	$ -	$ -	$ 9	$ 9
Total revenues	-	-	9	9
EXPENDITURES				
Public assistance	32	32	-	32
Total expenditures	32	32	-	32
Net change in fund balances	(32)	(32)	9	41
Fund balances - beginning	32	32	32	-
Fund balances - ending	$ -	$ -	$ 41	$ 41

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	$ 4,081	$ 4,081	$ 4,275	$ 194
Interest, rents, and concessions	12	12	2	(10)
Intergovernmental revenues	95	95	96	1
Charges for services	200	200	139	(61)
Other revenues	25	25	30	5
Total revenues	4,413	4,413	4,542	129
EXPENDITURES				
Current				
Education	4,775	4,776	4,201	575
Capital outlay	-	-	14	(14)
Total expenditures	4,775	4,776	4,215	561
Net change in fund balances	(362)	(363)	327	(432)
Fund balances - beginning	2,310	2,310	2,310	-
Fund balances - ending	$ 1,948	$ 1,947	$ 2,637	$ (432)

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fish and Game Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines, forfeitures, and penalties	$ -	$ -	$ 6	$ 6
Other revenues	-	-	1	1
Total revenues	-	-	7	7
EXPENDITURES				
Current				
Public protection	14	14	8	6
Total expenditures	14	14	8	6
Net change in fund balances	(14)	(14)	(1)	13
Fund balances - beginning	14	14	14	-
Fund balances - ending	$ -	$ -	$ 13	$ 13

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Aviation Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest, rents, and concessions	$ 6	$ 6	$ 8	$ 2
Intergovernmental revenues	384	384	26	(358)
Total revenues	390	390	34	(356)
EXPENDITURES				
Current				
Public ways and facilities	48	48	22	26
Capital outlay	395	395	36	359
Total expenditures	443	443	58	385
Deficiency of revenues under expenditures	(53)	(53)	(24)	29
OTHER FINANCING SOURCES				
Transfers in	20	20	-	(20)
Total other financing sources	20	20	-	(20)
Net change in fund balances	(33)	(33)	(24)	9
Fund balances - beginning	33	33	33	-
Fund balances - ending	$ -	$ -	$ 9	$ 9

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Structural Fire Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	$ 8,161	$ 8,161	$ 8,514	$ 353
Licenses and permits	16	16	13	(3)
Interest, rents, and concessions	45	45	21	(24)
Intergovernmental revenues	585	2,497	2,536	39
Charges for services	424	568	421	(147)
Other revenues	265	447	126	(321)
Total revenues	9,496	11,734	11,631	(103)
EXPENDITURES				
Current				
Public protection	16,032	17,941	16,892	1,049
Public ways and facilities	38	38	32	6
Capital outlay	907	1,234	396	838
Total expenditures	16,977	19,213	17,320	1,893
Deficiency of revenues under expenditures	(7,481)	(7,479)	(5,689)	1,790
OTHER FINANCING SOURCES				
Transfers in	6,246	6,246	6,242	(4)
Total other financing sources	6,246	6,246	6,242	(4)
Net change in fund balances	(1,235)	(1,233)	553	1,786
Fund balances - beginning	1,206	1,206	1,206	-
Fund balances - ending	$ (29)	$ (27)	$ 1,759	$ 1,786

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Roads Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	$ 29,478	$ 29,478	$ 15,018	$ (14,460)
Licenses and permits	5	5	-	(5)
Interest, rents, and concessions	182	182	123	(59)
Intergovernmental revenues	24,889	24,889	15,152	(9,737)
Charges for services	1,973	1,973	3,325	1,352
Other revenues	1	141	173	32
Total revenues	56,528	56,668	33,791	(22,877)
EXPENDITURES				
Current				
Public ways and facilities	82,870	81,467	17,266	64,201
Capital outlay	2,800	4,343	11,916	(7,573)
Total expenditures	85,670	85,810	29,182	56,628
Excess (deficiency) of revenues over (under) expenditures	(29,142)	(29,142)	4,609	33,751
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	49	49
Transfers (out)	-	-	(23)	(23)
Total other financing sources (uses)	-	-	26	26
Net change in fund balances	(29,142)	(29,142)	4,635	33,777
Fund balances - beginning	29,807	29,807	29,807	-
Fund balances - ending	$ 665	$ 665	$ 34,442	$ 33,777

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Workforce Investment Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest, rents, and concessions	$ 602	$ 602	$ 286	$ (316)
Intergovernmental revenues	8,118	8,414	7,041	(1,373)
Charges for services	917	917	742	(175)
Other revenues	12	12	10	(2)
Total revenues	9,649	9,945	8,079	(1,866)
EXPENDITURES				
Current				
Public protection	271	453	235	218
Public ways and facilities	-	86	-	86
Public assistance	11,559	11,642	10,219	1,423
Total expenditures	11,830	12,181	10,454	1,727
Deficiency of revenues under expenditures	(2,181)	(2,236)	(2,375)	(139)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,168	2,227	2,363	136
Transfers (out)	-	(6)	(6)	-
Total other financing sources (uses)	2,168	2,221	2,357	136
Net change in fund balances	(13)	(15)	(18)	(3)
Fund balances - beginning	16	16	16	-
Fund balances - ending	$ 3	$ 1	$ (2)	$ (3)

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Child Support Services Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest, rents, and concessions	$ 46	$ 46	$ 11	$ (35)
Intergovernmental revenues	16,199	16,199	13,076	(3,123)
Other revenues	2	2	7	5
Total revenues	16,247	16,247	13,094	(3,153)
EXPENDITURES				
Current				
Public protection	16,349	16,420	13,227	3,193
Public ways and facilities	25	25	-	25
Capital outlay	45	389	26	363
Total expenditures	16,419	16,834	13,253	3,581
Deficiency of revenues under expenditures	(172)	(587)	(159)	428
OTHER FINANCING SOURCES				
Sale of general capital assets	-	-	9	9
Transfers in	57	473	69	(404)
Total other financing sources	57	473	78	(395)
Net change in fund balances	(115)	(114)	(81)	33
Fund balances - beginning	2,440	2,440	2,440	-
Fund balances - ending	$ 2,325	$ 2,326	$ 2,359	$ 33

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Mental Health Realignment Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	$ 15,309	$ 15,309	$ 16,069	$ 760
Total revenues	15,309	15,309	16,069	760
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	15,309	15,309	16,069	760
OTHER FINANCING SOURCES (USES)				
Transfers in	1,355	1,355	1,337	(18)
Transfers (out)	(17,859)	(17,859)	(17,229)	630
Total other financing sources (uses)	(16,504)	(16,504)	(15,892)	612
Net change in fund balances	(1,195)	(1,195)	177	1,372
Fund balances - beginning	6,576	6,576	6,576	-
Fund balances - ending	$ 5,381	$ 5,381	$ 6,753	$ 1,372

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Health Realignment Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest, rents, and concessions	$ -	$ -	$ (1)	$ (1)
Intergovernmental revenues	-	-	2,538	2,538
Total revenues	-	-	2,537	2,537
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	2,537	2,537
OTHER FINANCING SOURCES (USES)				
Transfers in	9,602	9,602	10,042	440
Transfers (out)	(9,305)	(9,305)	(5,022)	4,283
Total other financing sources (uses)	297	297	5,020	4,723
Net change in fund balances	297	297	7,557	7,260
Fund balances - beginning	11,130	11,130	11,130	-
Fund balances - ending	$ 11,427	$ 11,427	$ 18,687	$ 7,260

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Tobacco Settlement Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Other revenues	$ 4,938	$ 4,938	$ 3,920	$ (1,018)
Total revenues	4,938	4,938	3,920	(1,018)
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	4,938	4,938	3,920	(1,018)
OTHER FINANCING USES				
Transfers (out)	(4,938)	(4,938)	(3,920)	1,018
Total other financing uses	(4,938)	(4,938)	(3,920)	1,018
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Flood Control Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	$ 538	$ 538	$ 615	$ 77
Interest, rents, and concessions	48	48	71	23
Intergovernmental revenues	903	903	99	(804)
Other revenues	-	-	1	1
Total revenues	1,489	1,489	786	(703)
EXPENDITURES				
Current				
General government	7	7	-	7
Public protection	4,873	4,672	470	4,202
Total expenditures	4,880	4,679	470	4,209
Excess (deficiency) of revenues over (under) expenditures	(3,391)	(3,190)	316	3,506
OTHER FINANCING SOURCES (USES)				
Transfers in	1	1	-	(1)
Transfers (out)	-	(201)	(41)	160
Total other financing sources (uses)	1	(200)	(41)	159
Net change in fund balances	(3,390)	(3,390)	275	3,665
Fund balances - beginning	4,346	4,346	4,346	-
Fund balances - ending	$ 956	$ 956	$ 4,621	$ 3,665

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	$ 2,276	$ 2,276	$ 432	$ (1,844)
Total revenues	2,276	2,276	432	(1,844)
EXPENDITURES				
Current				
Public assistance	2,129	2,128	142	1,986
Capital outlay	340	340	339	1
Total expenditures	2,469	2,468	481	1,987
Deficiency of revenues under expenditures	(193)	(192)	(49)	143
OTHER FINANCING SOURCES (USES)				
Transfers in	189	189	50	(139)
Transfers (out)	-	-	(12)	(12)
Total other financing sources (uses)	189	189	38	(151)
Net change in fund balances	(4)	(3)	(11)	(8)
Fund balances - beginning	55	55	55	-
Fund balances - ending	$ 51	$ 52	$ 44	$ (8)

COUNTY OF TULARE
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Housing Opportunities Made Equal Fund
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest, rents, and concessions	$ -	$ -	$ (5)	$ (5)
Total revenues	-	-	(5)	(5)
EXPENDITURES				
Total expenditures	-	-	-	-
Net change in fund balances	-	-	(5)	(5)
Fund balances - beginning	4	4	4	-
Fund balances - ending	$ 4	$ 4	$ (1)	$ (5)

COUNTY OF TULARE
Nonmajor Governmental Funds
Debt Service Fund

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources and payment of principal and interest from governmental sources when the government is obligated in some manner for the payment.

Building Loans Fund – This fund receives transfers of resources from County building occupants for the payment of the County's lease obligations to the Public Facilities Corporation (PFC).

COUNTY OF TULARE
Debt Service Fund
Balance Sheet
June 30, 2017 (in thousands)

	Building Loans
ASSETS	
Investment in treasury pool	$ 3,574
Total assets	$ 3,574
LIABILITIES	
Accounts payable	$ 52
Total liabilities	52
FUND BALANCE	
Assigned	3,522
Total fund balance	3,522
Total liabilities and fund balance	$ 3,574

COUNTY OF TULARE
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Building Loans
REVENUES	
Fines, forfeitures, and penalties	$ 1,171
Interest, rents, and concessions	(2)
Total revenues	1,169
EXPENDITURES	
Debt service	
Principal retirement	500
Interest and fiscal charges	124
Total expenditures	624
Excess of revenues over expenditures	545
OTHER FINANCING SOURCES	
Transfers in	2,751
Total other financing sources	2,751
Net change in fund balance	3,296
Fund balance - beginning	226
Fund balance - ending	$ 3,522

COUNTY OF TULARE
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Fines, forfeitures, and penalties	$ -	$ -	$ 1,171	$ 1,171
Interest, rents, and concessions	-	-	(2)	(2)
Total revenues	-	-	1,169	1,169
EXPENDITURES				
Debt service				
Principal retirement	500	500	500	-
Interest and fiscal charges	124	124	124	-
Total expenditures	624	624	624	-
Excess (deficiency) of revenues over (under) expenditures	(624)	(624)	545	1,169
OTHER FINANCING SOURCES				
Transfers in	4,001	4,001	2,751	(1,250)
Total other financing sources	4,001	4,001	2,751	(1,250)
Net change in fund balance	3,377	3,377	3,296	(81)
Fund balance - beginning	226	226	226	-
Fund balance - ending	$ 3,603	$ 3,603	$ 3,522	$ (81)

CAPITAL PROJECTS FUND

The capital projects fund is used to finance the acquisition and construction of public buildings, including major maintenance and improvements, other than those financed by proprietary and trust funds. Revenues are obtained from state funding and from other funds when allocated by the Board. There are no combining statements because the County uses one capital projects fund, which is reported on the nonmajor combining financial statements.

COUNTY OF TULARE
Capital Projects Fund
Balance Sheet
June 30, 2017 (in thousands)

		Capital Projects
ASSETS		
Investment in treasury pool	$	14,660
Due from other funds		100
Total assets	$	14,760
LIABILITIES		
Accounts payable	$	8,104
Due to other governments		279
Salaries and benefits payable		26
Total liabilities		8,409
FUND BALANCES		
Committed		6,300
Assigned		51
Total fund balances		6,351
Total liabilities and fund balances	$	14,760

COUNTY OF TULARE
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Capital Projects
REVENUES	
Other revenues	$ 31
Total revenues	31
EXPENDITURES	
Current	
General government	7,861
Public protection	944
Capital outlay	29,087
Total expenditures	37,892
Deficiency of revenues under expenditures	(37,861)
OTHER FINANCING SOURCES (USES)	
Sale of general capital assets	22
Transfers in	15,187
Transfers (out)	(22)
Total other financing sources (uses)	15,187
Net change in fund balances	(22,674)
Fund balances - beginning	29,025
Fund balances - ending	$ 6,351

COUNTY OF TULARE
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenues	$ 30,000	$ 30,000	$ -	$ (30,000)
Other revenues	500	500	31	(469)
Total revenues	30,500	30,500	31	(30,469)
EXPENDITURES				
Current				
General government	1,899	2,145	7,861	(5,716)
Public protection	3,008	3,030	944	2,086
Capital outlay	66,491	68,992	29,087	39,905
Total expenditures	71,398	74,167	37,892	36,275
Deficiency of revenues under expenditures	(40,898)	(43,667)	(37,861)	5,806
OTHER FINANCING SOURCES (USES)				
Sale of general capital assets	-	-	22	22
Transfers in	11,993	15,261	15,187	(74)
Transfers (out)	(44)	(544)	(22)	522
Total other financing sources (uses)	11,949	14,717	15,187	470
Net change in fund balances	(28,949)	(28,950)	(22,674)	6,276
Fund balances - beginning	29,025	29,025	29,025	-
Fund balances - ending	$ 76	$ 75	$ 6,351	$ 6,276

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the Board has decided that periodic determination of net income is appropriate for accountability purposes.

Transit Fund – This fund is used to account for the operation, maintenance, and development of a rural transit system and transit related projects.

Terra Bella Sewer Maintenance District Fund – This fund is used to account for the operation, maintenance, and development of the Terra Bella Sanitation District governed by the Board.

Assessment Districts Funds – These funds are used to account for the costs of maintenance and improvement of the Landscaping Assessment Districts.

County Service Area Funds (#1 and #2) – These funds are used to account for the development, operation, and maintenance of clean and safe drinking water systems in rural communities of the County.

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Net Position
June 30, 2017 (in thousands)

	Transit	Terra Bella Sewer Maintenance District	Assessment Districts
ASSETS			
Current assets			
Cash in banks	$ 108	$ 3	$ -
Investment in treasury pool	10,879	848	843
Accounts receivable (net of allowance for uncollectibles)	9	107	-
Due from other governments	544	-	-
Total current assets	11,540	958	843
Noncurrent assets			
Restricted assets	-	-	-
Capital assets			
Land	-	68	-
Buildings and improvements, net	127	787	-
Equipment and vehicles, net	850	-	-
Construction in progress	959	-	-
Total capital assets	1,936	855	-
Total noncurrent assets	1,936	855	-
Total assets	13,476	1,813	843
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	101	-	-
Total deferred outflows of resources	101	-	-
LIABILITIES			
Current liabilities			
Accounts payable	352	12	-
Deposits from others	-	53	8
Salaries and benefits payable	7	-	-
Certificates of participation (COPs) payable	-	25	-
Total current liabilities	359	90	8
Noncurrent liabilities			
Compensated absences payable	6	-	-
Advances	8,686	-	-
Advances from other funds	-	-	-
Bonds payable	-	-	-
Certificates of participation (COPs) payable	-	655	-
Net pension liability	213	-	-
Total noncurrent liabilities	8,905	655	-
Total liabilities	9,264	745	8
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	16	-	-
Total deferred inflows of resources	16	-	-
NET POSITION			
Net investment in capital assets	1,936	175	-
Restricted for			
Landfill ground water contingencies	-	-	-
Unrestricted	2,361	893	835
Total net position	$ 4,297	$ 1,068	$ 835

Continued

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Net Position (continued)
June 30, 2017 (in thousands)

	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash in banks	$ 13	$ 1	$ 125
Investment in treasury pool	314	66	12,950
Accounts receivable (net of allowance for uncollectibles)	115	12	243
Due from other governments	53	6	603
Total current assets	495	85	13,921
Noncurrent assets:			
Restricted assets	-	16	16
Capital assets			
Land	503	41	612
Buildings and improvements, net	2,202	229	3,345
Equipment and vehicles, net	-	-	850
Construction in progress	-	-	959
Total capital assets	2,705	270	5,766
Total noncurrent assets	2,705	286	5,782
Total assets	3,200	371	19,703
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	-	-	101
Total deferred outflows of resources	-	-	101
LIABILITIES			
Current liabilities			
Accounts payable	98	16	478
Deposits from others	-	-	61
Salaries and benefits payable	-	-	7
Certificates of participation (COPs) payable	19	1	45
Total current liabilities	117	17	591
Noncurrent liabilities			
Compensated absences payable	-	-	6
Advances	-	-	8,686
Advances from other funds	888	201	1,089
Bonds payable	5	-	5
Certificates of participation (COPs) payable	459	33	1,147
Net pension liability	-	-	213
Total noncurrent liabilities	1,352	234	11,146
Total liabilities	1,469	251	11,737
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	-	-	16
Total deferred inflows of resources	-	-	16
NET POSITION			
Net investment in capital assets	2,222	236	4,569
Restricted for			
Landfill ground water contingencies	-	16	16
Unrestricted	(491)	(132)	3,466
Total net position	$ 1,731	$ 120	$ 8,051

Concluded

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Transit	Terra Bella Sewer Maintenance District	Assessment Districts
OPERATING REVENUES			
Charges for services	$ 148	$ 143	$ 124
Interest, rents, and concessions	-	-	-
Other revenues	328	-	-
Total operating revenues	476	143	124
OPERATING EXPENSES			
Salaries and benefits	131	-	-
Services and supplies	2,679	155	15
Depreciation	530	53	-
Total operating expenses	3,340	208	15
Operating income (loss)	(2,864)	(65)	109
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	1,100	-	-
Penalties collected	-	1	-
Taxes and special assessments	1,659	39	-
Investment earnings (expenses)	(22)	5	1
Interest expense	-	(32)	-
Total nonoperating revenues (expenses)	2,737	13	1
Change in net position	(127)	(52)	110
Net position - beginning	4,424	1,120	725
Net position - ending	$ 4,297	$ 1,068	$ 835

Continued

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services	$ 516	$ 65	$ 996
Interest, rents, and concessions	3	-	3
Other revenues	-	-	328
Total operating revenues	519	65	1,327
OPERATING EXPENSES			
Salaries and benefits	-	-	131
Services and supplies	639	125	3,613
Depreciation	157	14	754
Total operating expenses	796	139	4,498
Operating income (loss)	(277)	(74)	(3,171)
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	-	-	1,100
Penalties collected	5	-	6
Taxes and special assessments	-	-	1,698
Investment earnings (expenses)	7	4	(5)
Interest expense	(34)	(4)	(70)
Total nonoperating revenues (expenses)	(22)	-	2,729
Change in net position	(299)	(74)	(442)
Net position - beginning	2,030	194	8,493
Net position - ending	$ 1,731	$ 120	$ 8,051

Concluded

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Transit	Terra Bella Sewer Maintenance District	Assessment Districts
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 142	$ 97	$ 124
Receipts from interfund services provided	354	-	-
Receipts from rents and concessions	-	-	-
Other receipts	177	-	-
Payments to employees	(121)	-	-
Payments to suppliers	(1,771)	(100)	(1)
Payments for interfund services used	(418)	(48)	(14)
Net cash provided (used) by operating activities	(1,637)	(51)	109
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from intergovernmental entities	1,100	-	-
Receipts from taxes and assessments	1,659	40	-
Advance from other funds	-	-	-
Net cash provided by noncapital financing activities	2,759	40	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sales of capital assets	-	-	-
Purchases of capital assets	(754)	-	-
Principal paid on capital debt	-	(26)	-
Long term advance proceeds	-	53	-
Interest paid on capital debt	-	(32)	-
Net cash used by capital and related financing activities	(754)	(5)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (expenses)	(22)	5	1
Net cash provided (used) by investing activities	(22)	5	1
Net increase (decrease) in cash and cash equivalents	346	(11)	110
Cash and cash equivalents - beginning	10,641	862	733
Cash and cash equivalents - ending	$ 10,987	$ 851	$ 843
Displayed as			
Cash in banks	$ 108	$ 3	$ -
Investment in treasury pool	10,879	848	843
Restricted assets which are cash equivalents	-	-	-
Total cash displayed	$ 10,987	$ 851	$ 843
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (2,864)	$ (65)	$ 109
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	530	53	-
(Increase) decrease in accounts receivable	(6)	(46)	-
(Increase) decrease in intergovernmental receivables	(151)	-	-
(Increase) decrease in due from other funds	354	-	-
Increase (decrease) in accounts payable	490	7	-
Increase (decrease) in deferred pension	(55)	-	-
Increase (decrease) in net pension liability	83	-	-
Increase (decrease) in salaries and benefits payable and compensated absences	(18)	-	-
Total adjustments	1,227	14	-
Net cash provided (used) by operating activities	$ (1,637)	$ (51)	$ 109
Schedule of non-cash capital and related finance activities			
Contributions of capital assets	$ -	$ -	$ -

Continued

COUNTY OF TULARE
Nonmajor Enterprise Funds
Combining Statement of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	County Service Area #1	County Service Area #2	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 505	$ 61	$ 929
Receipts from interfund services provided	-	-	354
Receipts from rents and concessions	3	-	3
Other receipts	-	-	177
Payments to employees	-	-	(121)
Payments to suppliers	(453)	(84)	(2,409)
Payments for interfund services used	(151)	(32)	(663)
Net cash provided (used) by operating activities	(96)	(55)	(1,730)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from intergovernmental entities	-	-	1,100
Receipts from taxes and assessments	5	-	1,704
Advance from other funds	105	45	150
Net cash provided by noncapital financing activities	110	45	2,954
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sales of capital assets	2	-	2
Purchases of capital assets	(10)	(3)	(767)
Principal paid on capital debt	(17)	(1)	(44)
Long term advance proceeds	-	-	53
Interest paid on capital debt	(34)	(4)	(70)
Net cash used by capital and related financing activities	(59)	(8)	(826)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings (expenses)	7	4	(5)
Net cash provided (used) by investing activities	7	4	(5)
Net increase (decrease) in cash and cash equivalents	(38)	(14)	393
Cash and cash equivalents - beginning	365	97	12,698
Cash and cash equivalents - ending	$ 327	$ 83	$ 13,091
Displayed as			
Cash in banks	$ 13	$ 1	$ 125
Investment in treasury pool	314	66	12,950
Restricted assets which are cash equivalents	-	16	16
Total cash displayed	$ 327	$ 83	$ 13,091
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (277)	$ (74)	$ (3,171)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation expense	157	14	754
(Increase) decrease in accounts receivable	(11)	(4)	(67)
(Increase) decrease in intergovernmental receivables	-	-	(151)
(Increase) decrease in due from other funds	-	-	354
Increase (decrease) in accounts payable	35	9	541
Increase (decrease) in deferred pension	-	-	(55)
Increase (decrease) in net pension liability	-	-	83
Increase (decrease) in salaries and benefits payable and compensated absences	-	-	(18)
Total adjustments	181	19	1,441
Net cash provided (used) by operating activities	$ (96)	$ (55)	$ (1,730)
Schedule of non-cash capital and related finance activities			
Contributions of capital assets	$ -	$ -	$ -

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County and to other governmental units on a cost reimbursement basis.

Insurance Funds – These funds account for the financing of workers' compensation to applicable bargaining units, general liability, property casualty liability, and malpractice insurances. All other insurance functions are accounted for in the General Fund.

Central Services Funds – These funds account for central services, such as mailroom, motor pool, print shop, utilities, custodial and maintenance services, data processing, and telecommunications, which are primarily provided to other departments of the County.

COUNTY OF TULARE
Internal Service Funds
Combining Statement of Net Position
June 30, 2017 (in thousands)

	Insurance	Central Services	Total Internal Service Funds
ASSETS			
Current assets			
Investment in treasury pool	$ 28,701	$ 6,353	$ 35,054
Imprest cash	500	-	500
Accounts receivable (net of allowance for uncollectibles)	2,750	17	2,767
Prepaid items	-	70	70
Due from other governments	-	731	731
Total current assets	31,951	7,171	39,122
Noncurrent assets			
Capital assets			
Buildings and improvements, net	-	9	9
Equipment and vehicles, net	-	2,645	2,645
Total capital assets	-	2,654	2,654
Total noncurrent assets	-	2,654	2,654
Total assets	31,951	9,825	41,776
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	-	9,276	9,276
Total deferred outflows of resources	-	9,276	9,276
LIABILITIES			
Current liabilities			
Accounts payable	3,604	1,518	5,122
Due to other funds	100	-	100
Salaries and benefits payable	-	1,046	1,046
Compensated absences payable	-	83	83
Claims payable	6,424	-	6,424
Total current liabilities	10,128	2,647	12,775
Noncurrent liabilities			
Compensated absences payable	-	1,345	1,345
Advances	-	576	576
Claims payable	26,693	-	26,693
Net pension liability	-	19,577	19,577
Total noncurrent liabilities	26,693	21,498	48,191
Total liabilities	36,821	24,145	60,966
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	-	1,515	1,515
Total deferred inflows of resources	-	1,515	1,515
NET POSITION			
Net investment in capital assets	-	2,654	2,654
Unrestricted	(4,870)	(9,213)	(14,083)
Total net position	$ (4,870)	$ (6,559)	$ (11,429)

COUNTY OF TULARE
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Insurance	Central Services	Total Internal Service Funds
OPERATING REVENUES			
Charges for services	$ 20,126	$ 40,782	$ 60,908
Other revenues	9,111	171	9,282
Total operating revenues	29,237	40,953	70,190
OPERATING EXPENSES			
Salaries and benefits	-	19,527	19,527
Services and supplies	11,192	23,285	34,477
Insurance premiums paid	6,427	-	6,427
Depreciation	-	478	478
Claims incurred	12,380	-	12,380
Total operating expenses	29,999	43,290	73,289
Operating loss	(762)	(2,337)	(3,099)
NONOPERATING REVENUES (EXPENSES)			
Loss on sale of capital assets	-	(155)	(155)
Intergovernmental revenues	216	3	219
Investment earnings	106	-	106
Interest expense	-	95	95
Total nonoperating revenues (expenses)	322	(57)	265
Loss before transfers	(440)	(2,394)	(2,834)
Transfers in	-	197	197
Transfers (out)	(385)	(4)	(389)
Change in net position	(825)	(2,201)	(3,026)
Net position - beginning	(4,045)	(4,358)	(8,403)
Net position - ending	$ (4,870)	$ (6,559)	$ (11,429)

COUNTY OF TULARE
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Insurance	Central Services	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ (2,750)	$ 730	$ (2,020)
Receipts from interfund services provided	20,226	40,285	60,511
Other receipts (payments)	9,111	(430)	8,681
Payments to employees	-	(18,308)	(18,308)
Payments to suppliers	(11,524)	(19,086)	(30,610)
Payments for interfund services used	(2,978)	(3,822)	(6,800)
Payments for claims	(10,651)	-	(10,651)
Net cash provided (used) by operating activities	1,434	(631)	803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Subsidy from intergovernmental entities	216	3	219
Transfers from other funds	-	197	197
Transfers to other funds	(385)	(4)	(389)
Advance to other funds	531	-	531
Net cash provided by noncapital financing activities	362	196	558
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sales of capital assets	-	(100)	(100)
Purchases of capital assets	-	(6)	(6)
Interest paid on capital debt	-	95	95
Net cash used by capital and related financing activities	-	(11)	(11)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	106	-	106
Net cash provided by investing activities	106	-	106
Net increase (decrease) in cash and cash equivalents	1,902	(446)	1,456
Cash and cash equivalents - beginning	27,299	6,799	34,098
Cash and cash equivalents - ending	$ 29,201	$ 6,353	$ 35,554
Displayed as			
Investment in treasury pool	$ 28,701	$ 6,353	$ 35,054
Imprest cash	500	-	500
Total cash displayed	$ 29,201	$ 6,353	$ 35,554
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	$ (762)	$ (2,337)	$ (3,099)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation expense	-	478	478
(Increase) decrease in accounts receivable	(2,750)	(2)	(2,752)
(Increase) decrease in intergovernmental receivables	-	(601)	(601)
(Increase) decrease in due from other funds	-	235	235
(Increase) decrease in due to other funds	100	-	100
(Increase) decrease in prepaid items	-	(70)	(70)
Increase (decrease) in accounts payable	3,117	447	3,564
Increase (decrease) in deferred pension	-	(4,544)	(4,544)
Increase (decrease) in net pension liability	-	5,568	5,568
Increase (decrease) in salaries and benefits payable and compensated absences	-	195	195
Increase (decrease) in claims payable	1,729	-	1,729
Total adjustments	2,196	1,706	3,902
Net cash provided (used) by operating activities	$ 1,434	$ (631)	$ 803
Schedule of non-cash capital and related finance activities			
Contributions of capital assets	$ -	$ -	$ -

AGENCY FUNDS

Agency funds are custodial in nature 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. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governments.

Property Tax Collection and Apportionment Funds – These funds account for property taxes collected and for the apportionment of taxes to the State and others.

State Fines Agency Fund – This fund is used as a clearing fund for penalties, fines, and assessments collected and payable to the State.

Transportation Tax Funds – These funds account for 0.25% sales tax collected by the State Board of Equalization and deposited with the County for local transportation support.

Employee Health Benefits Fund – This fund is used to accumulate premium payments for health, dental, vision, life, long-term disability, and voluntary products collected from employees, retired employees, and special district employees for distribution to providers.

Education Revenue Augmentation Fund (ERAF) – This fund is used to collect tax revenues shifted from counties, cities, special districts, and redevelopment agencies to augment loss of state funding to local schools.

Other Agency Funds – These funds account for monies held as an agent for a variety of purposes.

COUNTY OF TULARE
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Balance July 1	Additions	Deductions	Balance June 30
Property Tax Collection and Apportionment Funds				
ASSETS				
Cash in bank	$ 207	$ 321	$ (207)	$ 321
Investment in treasury pool	27,719	1,010,233	(1,014,998)	22,954
Accounts receivable (net of allowance for uncollectibles)	71	-	(71)	-
Due from other governments	-	455	-	455
Total assets	$ 27,997	$ 1,011,009	$ (1,015,276)	$ 23,730
LIABILITIES				
Accounts payable	$ 15,807	$ 266,402	$ (269,676)	$ 12,533
Due to other governments	3,504	-	(771)	2,733
Agency obligations	8,686	675,589	(675,811)	8,464
Total liabilities	$ 27,997	$ 941,991	$ (946,258)	$ 23,730
State Fines Agency Fund				
ASSETS				
Investment in treasury pool	$ 112	$ 740	$ (739)	$ 113
Total assets	$ 112	$ 740	$ (739)	$ 113
LIABILITIES				
Accounts payable	$ -	$ 1,383	$ (1,383)	$ -
Agency obligations	112	696	(695)	113
Total liabilities	$ 112	$ 2,079	$ (2,078)	$ 113
Transportation Tax Funds				
ASSETS				
Investment in treasury pool	$ 3,580	$ 20,119	$ (17,298)	$ 6,401
Accounts receivable (net of allowance for uncollectibles)	211	-	(211)	-
Due from other governments	1,123	1,078	(1,123)	1,078
Total assets	$ 4,914	$ 21,197	$ (18,632)	$ 7,479
LIABILITIES				
Accounts payable	$ 282	$ 5,793	$ (3,037)	$ 3,038
Agency obligations	4,632	2,184	(2,375)	4,441
Total liabilities	$ 4,914	$ 7,977	$ (5,412)	$ 7,479
Employee Health Benefits Funds				
ASSETS				
Investment in treasury pool	$ 1,684	$ 41,872	$ (41,734)	$ 1,822
Accounts receivable (net of allowance for uncollectibles)	510	28,080	(28,491)	99
Prepaid items	-	2,386	-	2,386
Total assets	$ 2,194	$ 72,338	$ (70,225)	$ 4,307
LIABILITIES				
Accounts payable	$ 461	$ 81,176	$ (79,184)	$ 2,453
Due to other governments	239	2,762	(2,660)	341
Agency obligations	1,494	3,038	(3,019)	1,513
Total liabilities	$ 2,194	$ 86,976	$ (84,863)	$ 4,307

Continued

COUNTY OF TULARE
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities (continued)
For the Fiscal Year Ended June 30, 2017 (in thousands)

	Balance July 1	Additions	Deductions	Balance June 30
Education Revenue Augmentation Funds				
ASSETS				
Investment in treasury pool	$ 384	$ 92,525	$ (92,867)	$ 42
Total assets	$ 384	$ 92,525	$ (92,867)	$ 42
LIABILITIES				
Agency obligations	$ 384	$ 292,844	$ (293,186)	$ 42
Total liabilities	$ 384	$ 292,844	$ (293,186)	$ 42
Other Agency Funds				
ASSETS				
Cash in bank	$ 5,181	$ -	$ (1,213)	$ 3,968
Investment in treasury pool	10,460	44,689	(44,627)	10,522
Accounts receivable (net of allowance for uncollectibles)	-	1	(1)	-
Due from other governments	-	115	(115)	-
Total assets	$ 15,641	$ 44,805	$ (45,956)	$ 14,490
LIABILITIES				
Accounts payable	$ 162	$ 4,872	$ (4,929)	$ 105
Due to other governments	1,743	1,624	(1,545)	1,822
Agency obligations	13,736	40,663	(41,836)	12,563
Total liabilities	$ 15,641	$ 47,159	$ (48,310)	$ 14,490
Total Agency Funds				
ASSETS				
Cash in bank	$ 5,388	$ 321	$ (1,420)	$ 4,289
Investment in treasury pool	43,939	1,210,178	(1,212,263)	41,854
Accounts receivable (net of allowance for uncollectibles)	792	28,081	(28,774)	99
Prepaid items	-	2,386	-	2,386
Due from other governments	1,123	1,648	(1,238)	1,533
Total assets	$ 51,242	$ 1,242,614	$ (1,243,695)	$ 50,161
LIABILITIES				
Accounts payable	$ 16,712	$ 359,626	$ (358,209)	$ 18,129
Due to other governments	5,486	4,386	(4,976)	4,896
Agency obligations	29,044	1,015,014	(1,016,922)	27,136
Total liabilities	$ 51,242	$ 1,379,026	$ (1,380,107)	$ 50,161

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Statistical Section

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STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County's economic condition.

Financial Trends – These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the County's most significant local revenue source, the property-tax.

Debt Capacity – These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

COUNTY OF TULARE
Statistical Section
Net Position by Component (unaudited)
Last 10 Fiscal Years (in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets*	$ 1,491,566	$ 1,524,380	$ 1,541,360	$ 1,576,213	$ 1,558,744
Restricted	54,086	57,079	61,880	57,762	102,657
Unrestricted	55,866	56,992	63,537	74,420	83,404
Total governmental activities net position	$ 1,601,518	$ 1,638,451	$ 1,666,777	$ 1,708,395	$ 1,744,805
Business-type activities					
Net investment in capital assets	$ 19,090	$ 28,811	$ 28,172	$ 27,463	$ 29,728
Restricted	5,005	5,005	5,005	5,005	5,005
Unrestricted	22,794	9,363	6,792	7,002	7,999
Total business-type activities net position	$ 46,889	$ 43,179	$ 39,969	$ 39,470	$ 42,732
Primary government					
Net investment in capital assets	$ 1,510,656	$ 1,553,191	$ 1,569,532	$ 1,603,676	$ 1,588,472
Restricted	59,091	62,084	66,885	62,767	107,662
Unrestricted	78,660	66,355	70,329	81,422	91,403
Total primary government net position	$ 1,648,407	$ 1,681,630	$ 1,706,746	$ 1,747,865	$ 1,787,537

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets*	$ 1,584,261	$ 1,798,998	$ 1,590,015	$ 1,614,927	$ 1,636,514
Restricted	134,870	-	141,900	153,860	180,978
Unrestricted	65,066	-	(87,606)	(94,026)	(151,683)
Total governmental activities net position	$ 1,784,197	$ 1,798,998	$ 1,644,309	$ 1,674,761	$ 1,665,809
Business-type activities					
Net investment in capital assets	$ 27,357	$ 41,559	$ 23,607	$ 21,172	$ 20,420
Restricted	5,016	-	5,016	10,445	9,088
Unrestricted	8,140	-	9,107	11,637	16,756
Total business-type activities net position	$ 40,513	$ 41,559	$ 37,730	$ 43,254	$ 46,264
Primary government					
Net investment in capital assets	$ 1,611,618	$ 1,840,557	$ 1,613,622	$ 1,636,099	$ 1,656,934
Restricted	139,886	-	146,916	164,305	190,066
Unrestricted	73,206	-	(78,499)	(82,389)	(134,927)
Total primary government net position	$ 1,824,710	$ 1,840,557	$ 1,682,039	$ 1,718,015	$ 1,712,073

*Beginning balances of capital assets restated to include infrastructure assets.
Discretely presented Component Unit is not included.

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COUNTY OF TULARE
Statistical Section
Changes in Net Position (unaudited)
Last 10 Fiscal Years (in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental activities					
General government	$ 71,430	$ 28,459	$ 26,587	$ 39,515	$ 42,590
Public protection	187,299	197,905	192,533	182,316	190,402
Public ways and facilities	28,346	32,342	29,120	25,485	38,295
Health and sanitation	120,195	122,853	120,796	117,572	122,305
Public assistance	227,086	234,329	236,861	235,547	224,139
Education	4,287	5,033	5,027	5,412	5,020
Culture and recreation	3,552	2,136	2,095	310	371
Unallocated depreciation	510	791	953	520	520
Interest expense	11,244	5,993	5,806	3,137	2,259
Total governmental activities expenses	653,949	629,841	619,778	609,814	625,901
Business-type activities					
Solid Waste	14,426	14,138	13,144	10,847	7,365
Other business-type activities	2,259	2,452	2,710	2,856	3,579
Total business-type activities expenses	16,685	16,590	15,854	13,703	10,944
Total primary government expenses	$ 670,634	$ 646,431	$ 635,632	$ 623,517	$ 636,845
Program Revenues					
Governmental activities					
Charges for services					
General government	$ 62,391	$ 28,860	$ 26,601	$ 24,375	$ 31,271
Public protection	28,291	29,368	23,883	26,349	21,558
Public ways and facilities	2,028	1,782	1,971	3,406	6,700
Health and sanitation	45,659	46,523	47,938	52,666	43,479
Public assistance	7,496	5,823	3,324	4,299	6,687
Education	188	162	161	222	209
Culture and recreation	332	287	293	283	288
Operating grants and contributions	389,524	403,891	418,780	406,398	419,570
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	535,909	516,696	522,951	517,998	529,762
Business-type activities					
Charges for services					
Solid Waste	9,244	8,284	8,206	8,130	8,525
Other business-type activities	792	925	955	1,064	1,224
Operating grants and contributions	1,475	813	844	1,270	2,222
Total business-type activities program revenues	11,511	10,022	10,005	10,464	11,971
Total primary government program revenues	$ 547,420	$ 526,718	$ 532,956	$ 528,462	$ 541,733
Net (expense)/revenue					
Governmental activities	$ (118,040)	$ (113,145)	$ (96,827)	$ (91,816)	$ (96,139)
Business-type activities	(5,174)	(6,568)	(5,849)	(3,239)	1,027
Total primary government net expense	$ (123,214)	$ (119,713)	$ (102,676)	$ (95,055)	$ (95,112)
General Revenues and Other Changes in Net Position					
Governmental activities					
Property taxes	$ 102,198	$ 105,400	$ 99,991	$ 101,519	$ 105,604
Sales and other taxes	19,188	21,299	17,783	31,937	23,472
Earnings on investments	11,439	13,003	7,236	2,536	4,324
Tobacco settlement revenues	4,068	4,471	3,728	3,854	3,930
Extinguishment of debt	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	(6,180)	(2,640)	191
Extraordinary item RDA dissolution	-	-	-	-	(2,658)
Transfers	556	583	531	515	466
Total governmental activities	137,449	144,756	123,089	137,721	135,329
Business-type activities					
Sales and other taxes	1,628	379	943	2,486	1,842
Earnings on investments	3,864	3,062	2,104	863	857
Gain on sale of capital assets	62	-	123	1	2
Transfers	(556)	(583)	(531)	(515)	(466)
Total business-type activities	4,998	2,858	2,639	2,835	2,235
Total primary government	$ 142,447	$ 147,614	$ 125,728	$ 140,556	$ 137,564
Change in Net Position					
Governmental activities	$ 19,409	$ 31,611	$ 26,262	$ 45,905	$ 39,190
Business-type activities	(176)	(3,710)	(3,210)	(404)	3,262
Total primary government	$ 19,233	$ 27,901	$ 23,052	$ 45,501	$ 42,452

Continued

COUNTY OF TULARE
Statistical Section
Changes in Net Position (unaudited) (continued)
Last 10 Fiscal Years (in thousands)

Fiscal Year 2013	2014	2015	2016	2017	
					Expenses
					Governmental activities
$ 42,343	$ 39,432	$ 41,610	$ 39,542	$ 53,525	General government
190,904	202,075	199,878	221,740	246,602	Public protection
33,767	37,155	36,722	47,021	36,004	Public ways and facilities
124,681	129,190	132,566	143,286	143,652	Health and sanitation
228,148	242,378	240,562	248,368	260,405	Public assistance
5,112	5,470	5,353	5,300	5,521	Education
329	431	2,176	2,266	2,428	Culture and recreation
520	511	-	-	-	Unallocated depreciation
1,990	1,940	1,320	744	449	Interest expense
627,794	658,582	660,187	708,267	748,586	Total governmental activities expenses
					Business-type activities
10,812	10,873	10,410	9,067	11,426	Solid Waste
3,844	4,155	4,410	4,633	4,568	Other business-type activities
14,656	15,028	14,820	13,700	15,994	Total business-type activities expenses
$ 642,450	$ 673,610	$ 675,007	$ 721,967	$ 764,580	Total primary government expenses
					Program Revenues
					Governmental activities
					Charges for services
$ 24,259	$ 24,138	$ 30,244	$ 33,186	$ 30,514	General government
21,683	23,741	19,650	19,342	19,429	Public protection
5,083	3,599	3,340	3,101	3,506	Public ways and facilities
40,554	42,588	41,652	52,471	36,499	Health and sanitation
6,717	8,566	11,892	11,242	7,606	Public assistance
210	202	233	197	186	Education
292	306	255	302	296	Culture and recreation
421,514	424,721	444,945	456,543	477,539	Operating grants and contributions
6	-	-	-	-	Capital grants and contributions
520,318	527,861	552,211	576,384	575,575	Total governmental activities program revenues
					Business-type activities
					Charges for services
8,568	8,991	11,538	13,522	14,973	Solid Waste
1,252	1,334	1,238	1,274	1,327	Other business-type activities
504	3,270	625	736	1,172	Operating grants and contributions
10,324	13,595	13,401	15,532	17,472	Total business-type activities program revenues
$ 530,642	$ 541,456	$ 565,612	$ 591,916	$ 593,047	Total primary government program revenues
					Net (expense)/revenue
$ (107,476)	$ (130,721)	$ (107,976)	$ (131,883)	$ (173,011)	Governmental activities
(4,332)	(1,433)	(1,419)	1,832	1,478	Business-type activities
$ (111,808)	$ (132,154)	$ (109,395)	$ (131,883)	$ (171,533)	Total primary government net expense
					General Revenues and Other Changes in Net Position
					Governmental activities
$ 107,101	$ 109,266	$ 112,026	$ 119,331	$ 123,861	Property taxes
31,951	30,524	29,690	41,300	35,976	Sales and other taxes
1,307	1,517	-	-	-	Earnings on investments
5,923	3,894	3,856	3,811	3,920	Tobacco settlement revenues
-	(183)	-	-	-	Extinguishment of debt
208	239	-	-	-	Gain (loss) on sale of capital assets
-	-	-	-	-	Extraordinary item RDA dissolution
378	265	305	305	302	Transfers
146,868	145,522	145,877	164,747	164,059	Total governmental activities
					Business-type activities
2,328	2,084	2,344	2,709	1,704	Sales and other taxes
163	660	515	1,256	130	Earnings on investments
-	-	-	-	-	Gain on sale of capital assets
(378)	(265)	(305)	(305)	(302)	Transfers
2,113	2,479	2,554	3,660	1,532	Total business-type activities
$ 148,981	$ 148,001	$ 148,431	$ 168,407	$ 165,591	Total primary government
					Change in Net Position
$ 39,392	$ 14,801	$ 37,901	$ 32,864	$ (8,952)	Governmental activities
(2,219)	1,046	1,135	5,492	3,010	Business-type activities
$ 37,173	$ 15,847	$ 39,036	$ 38,356	$ (5,942)	Total primary government

Concluded

COUNTY OF TULARE
Statistical Section
Fund Balances of Governmental Funds (unaudited)
Last 10 Fiscal Years (in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Nonspendable	$ 839	$ 839	$ 1,173	$ 439	$ 1,596
Restricted	14,288	19,596	30	844	22,790
Committed	25,163	25,414	25,612	22,101	1,833
Assigned	-	-	-	-	1,081
Unassigned	17,213	12,228	31,713	27,146	61,448
Subtotal general fund	57,503	58,077	58,528	50,530	88,748
All Other Governmental Funds					
Nonspendable	1,236	2,206	2,044	1,123	1,162
Restricted	82,749	84,235	103,142	114,071	134,727
Committed	4,118	3,858	210	3,232	4,000
Assigned	7,544	6,697	14,034	15,227	21,487
Unassigned	(750)	(752)	(12,733)	(19,429)	(20,971)
Subtotal all other governmental funds	94,897	96,244	106,697	114,224	140,405
Total governmental fund balance	$ 152,400	$ 154,321	$ 165,225	$ 164,754	$ 229,153

Continued

COUNTY OF TULARE
Statistical Section
Fund Balances of Governmental Funds (unaudited) (continued)
Last 10 Fiscal Years (in thousands)

Fiscal Year 2013	2014	2015	2016	2017	
					General Fund
$ 3,244	$ 395	$ 1,672	$ 1,849	$ 6,805	Nonspendable
28,863	34,147	37,189	45,270	52,072	Restricted
1,668	880	15,430	14,524	39,359	Committed
-	-	-	-	20,732	Assigned
62,710	76,284	73,325	84,868	49,238	Unassigned
96,485	111,706	127,616	146,511	168,206	Subtotal general fund
					All Other Governmental Funds
1,025	1,024	700	672	722	Nonspendable
137,544	125,233	136,631	139,145	153,247	Restricted
6,000	4,100	6,950	7,145	6,332	Committed
21,083	19,213	22,078	26,804	7,919	Assigned
(19,542)	(2,597)	-	-	(3)	Unassigned
146,110	146,973	166,359	173,766	168,217	Subtotal all other governmental funds
$ 242,595	$ 258,679	$ 293,975	$ 320,277	$ 336,423	Total governmental fund balance

Concluded

COUNTY OF TULARE
Statistical Section
Changes in Fund Balances of Governmental Funds (unaudited)
Last 10 Fiscal Years (in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
REVENUES					
Taxes and special assessments	$ 121,397	$ 126,699	$ 117,774	$ 133,456	$ 129,076
Licenses and permits	9,010	9,939	8,355	8,764	8,780
Fines, forfeitures, and penalties	10,218	13,031	12,429	13,020	15,257
Interest, rents, and concessions	12,093	12,177	8,474	3,722	7,239
Intergovernmental revenues	389,524	404,262	414,234	401,376	423,230
Charges for services	80,188	77,496	70,321	81,196	69,970
Other revenues	11,442	14,685	15,205	13,035	15,776
Total revenues	633,872	658,289	646,792	654,569	669,328
EXPENDITURES					
General government	25,621	29,713	25,525	34,433	36,138
Public protection	184,009	189,989	184,477	174,320	183,352
Public ways and facilities	12,498	15,489	12,986	8,714	23,711
Health and sanitation	119,569	121,340	118,919	114,136	118,063
Public assistance	226,227	232,527	234,642	233,388	221,539
Education	4,329	4,855	4,722	5,109	4,673
Culture and recreation	3,361	1,968	1,920	38	59
Capital outlay	28,979	36,704	37,634	56,075	42,776
Debt service					
Principal	9,737	10,103	11,624	11,726	13,173
Interest and fiscal charges	10,778	8,954	5,566	3,096	3,060
Total expenditures	625,108	651,642	638,015	641,035	646,544
Excess of revenues over expenditures	8,764	6,647	8,777	13,534	22,784
OTHER FINANCING SOURCES (USES)					
Sale of general capital assets	297	169	107	158	191
Bond proceeds	-	231	1,669	-	-
Direct financing lease	128	-	-	-	-
Transfers in	100,925	102,189	96,795	76,575	108,739
Transfers (out)	(102,286)	(103,720)	(97,392)	(77,105)	(107,764)
Total other financing sources (uses)	(936)	(1,131)	1,179	(372)	1,166
EXTRAORDINARY ITEMS					
RDA dissolution assets transfers	-	-	-	-	(5,726)
RDA dissolution liability transfers	-	-	-	-	74
Total extraordinary items	-	-	-	-	(5,652)
Net change in fund balances	$ 7,828	$ 5,516	$ 9,956	$ 13,162	$ 18,298
Debt service as a percentage of noncapital expenditures	3.4%	3.1%	2.9%	2.5%	2.7%

Continued

COUNTY OF TULARE
Statistical Section
Changes in Fund Balances of Governmental Funds (unaudited) (continued)
Last 10 Fiscal Years (in thousands)

Fiscal Year 2013	2014	2015	2016	2017	
					REVENUES
$ 139,052	$ 139,790	$ 141,716	$ 160,631	$ 159,837	Taxes and special assessments
9,191	10,514	10,894	11,294	10,943	Licenses and permits
10,364	9,201	9,966	8,648	7,517	Fines, forfeitures, and penalties
3,076	5,351	4,649	7,655	3,350	Interest, rents, and concessions
424,213	426,487	446,953	457,163	477,911	Intergovernmental revenues
65,289	63,214	61,635	76,159	63,609	Charges for services
18,253	20,427	24,705	19,370	16,216	Other revenues
669,438	674,984	700,518	740,920	739,383	Total revenues
					EXPENDITURES
42,838	28,892	41,220	37,139	44,218	General government
184,406	195,560	199,028	209,822	215,616	Public protection
19,164	22,167	21,576	31,199	17,405	Public ways and facilities
122,115	127,612	132,489	140,044	136,396	Health and sanitation
226,442	240,838	241,178	245,432	251,404	Public assistance
4,875	5,188	5,149	4,969	4,890	Education
-	-	1,616	1,571	1,658	Culture and recreation
46,006	26,341	16,847	43,124	50,367	Capital outlay
					Debt service
6,515	10,772	6,459	7,875	1,529	Principal
2,081	2,159	1,276	553	544	Interest and fiscal charges
654,442	659,529	666,838	721,728	724,027	Total expenditures
14,996	15,455	33,680	19,192	15,356	Excess of revenues over expenditures
					OTHER FINANCING SOURCES (USES)
208	239	275	250	296	Sale of general capital assets
-	-	-	-	-	Bond proceeds
-	-	-	-	-	Direct financing lease
104,796	117,341	144,696	145,268	142,429	Transfers in
(106,558)	(116,951)	(144,392)	(144,561)	(141,935)	Transfers (out)
(1,554)	629	579	957	790	Total other financing sources (uses)
					EXTRAORDINARY ITEMS
-	-	-	-	-	RDA dissolution assets transfers
-	-	-	-	-	RDA dissolution liability transfers
-	-	-	-	-	Total extraordinary items
$ 13,442	$ 16,084	$ 34,259	$ 20,149	$ 16,146	Net change in fund balances
1.4%	2.0%	1.2%	1.2%	0.3%	Debt of service as a percentage of noncapital expenditures

Concluded

COUNTY OF TULARE
Statistical Section
Equalized Roll Assessed Value of Taxable Property (unaudited)
Last 10 Fiscal Years (in thousands)

Fiscal Year	Real Property Assessed Value*	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate
2008	$ 25,190,040	$ 1,522,742	$ 26,712,782	1.000%
2009	26,632,559	1,616,099	28,248,658	1.000%
2010	26,317,008	1,692,118	28,009,126	1.000%
2011	26,525,428	1,516,586	28,042,014	1.000%
2012	26,377,210	1,596,844	27,974,054	1.000%
2013	26,186,643	1,628,687	27,815,330	1.000%
2014	27,022,893	1,655,360	28,678,253	1.000%
2015	28,209,818	1,856,188	30,066,006	1.000%
2016	29,892,545	1,885,794	31,778,339	1.000%
2017	31,321,975	1,972,354	33,294,329	1.000%

* Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2.0% or the Consumer Price Index (CPI) on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1.0% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source: Auditor-Controller, County of Tulare

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COUNTY OF TULARE
Statistical Section
Direct and Overlapping Property Tax Rates (unaudited)
Last 10 Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
County-Wide Rates					
General	1.000%	1.000%	1.000%	1.000%	1.000%
School District Rates					
Allensworth Elementary	0.018%	0.000%	0.000%	0.000%	0.000%
Buena Vista Elementary	0.027%	0.027%	0.025%	0.016%	0.010%
Burton Elementary *	0.018%	0.019%	0.023%	0.023%	0.024%
College of the Sequoias - Hanford Schools Facility Improvement District	0.025%	0.020%	0.012%	0.025%	0.014%
College of the Sequoias - Tulare Schools Facility Improvement District	0.000%	0.000%	0.012%	0.025%	0.028%
College of the Sequoias - Visalia Schools Facility Improvement District	0.000%	0.000%	0.005%	0.013%	0.025%
Cutler - Orosi Unified *	0.050%	0.040%	0.011%	0.035%	0.040%
Delano Joint High	0.117%	0.100%	0.119%	0.155%	0.133%
Dinuba Unified	0.060%	0.151%	0.107%	0.151%	0.116%
Earlimart Elementary	0.031%	0.032%	0.034%	0.030%	0.025%
Exeter Elementary	0.000%	0.029%	0.028%	0.032%	0.037%
Exeter High	0.049%	0.040%	0.037%	0.040%	0.042%
Farmersville Unified *	0.074%	0.072%	0.098%	0.090%	0.080%
Hanford Joint High *	0.049%	0.054%	0.053%	0.055%	0.054%
Kern Community College Schools Facility Improvement District *	0.008%	0.009%	0.009%	0.010%	0.009%
Kings Canyon Joint Unified *	0.082%	0.064%	0.091%	0.109%	0.103%
Kings River Elementary	0.030%	0.052%	0.053%	0.060%	0.077%
Kingsburg Joint Elementary	0.072%	0.000%	0.022%	0.056%	0.032%
Kingsburg Joint High	0.625%	0.009%	0.074%	0.068%	0.060%
Liberty Elementary	0.044%	0.041%	0.054%	0.050%	0.040%
Lindsay Unified	0.055%	0.055%	0.092%	0.122%	0.125%
Linns Valley Poso - Flat Joint Elementary	0.015%	0.000%	0.015%	0.017%	0.010%
Pixley Union Elementary	0.000%	0.000%	0.000%	0.000%	0.000%
Porterville Schools Facility Improvement District *	0.055%	0.050%	0.005%	0.052%	0.047%
Richgrove Elementary	0.004%	0.038%	0.041%	0.038%	0.028%
Springville Union Elementary	0.000%	0.000%	0.000%	0.000%	0.000%
State Center Comm College Schools Facility Improvement District *	0.016%	0.000%	0.010%	0.010%	0.007%
Stone Corral	0.000%	0.030%	0.022%	0.025%	0.025%
Strathmore High	0.052%	0.053%	0.055%	0.050%	0.040%
Sundale Elementary	0.027%	0.031%	0.026%	0.024%	0.020%
Terra Bella	0.000%	0.000%	0.034%	0.030%	0.030%
Tipton	0.000%	0.000%	0.000%	0.000%	0.000%
Traver Elementary *	0.060%	0.051%	0.049%	0.052%	0.058%
Tulare High *	0.043%	0.020%	0.039%	0.039%	0.053%
Visalia Unified *	0.028%	0.030%	0.036%	0.030%	0.030%
Woodlake Elementary	0.036%	0.035%	0.043%	0.035%	0.033%
Woodlake High	0.027%	0.056%	0.066%	0.060%	0.055%
Special District Rates					
Kaweah Delta Healthcare District	0.031%	0.000%	0.028%	0.029%	0.027%
Kaweah Delta Water Conservation	0.000%	0.000%	0.000%	0.000%	0.000%
Kings Joint Mosquito Abatement	0.000%	0.005%	0.000%	0.000%	0.000%
Tulare County Pest Control	1.250%	5.000%	5.000%	5.000%	5.000%
Tulare Healthcare District	0.019%	0.039%	0.083%	0.113%	0.113%
South Tulare County Citrus Pest Control District	11.423%	11.423%	11.423%	11.423%	11.423%

Continued

* School rates have been combined with educational facilities.

Note 1: All tax rates are levied and collected upon each $100.00 valuation of net assessed valuation of taxable property, as assessed by the County Assessor, except for Kaweah Delta Water Conservation District (KDWC) and South Tulare County Citrus Pest Control District tax rates. KDWC tax rates are levied and collected upon each $100.00 valuation of land and improvement assessed valuation of taxable property. South Tulare County Citrus Pest Control District tax rates are levied and collected upon each 100 trees per acre valuation as assigned by the County Assessor.

Note 2: The County-wide tax rate is distributed to tax revenue districts according to California State law, specifically Assembly Bill (AB) 8. This includes the County of Tulare, Library Fund, Fire Fund, all cities, all schools, and special districts that set tax rates prior to Proposition 13.

Note 3: Method used to calculate overlapping - The amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction.

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Direct and Overlapping Property Tax Rates (unaudited) (continued)
Last 10 Fiscal Years

Fiscal Year 2013	2014	2015	2016	2017	
					County-Wide Rates
1.000%	1.000%	1.000%	1.000%	1.000%	General
					School District Rates
0.000%	0.000%	0.000%	0.000%	0.000%	Allensworth Elementary
0.008%	0.008%	0.008%	0.008%	0.006%	Buena Vista Elementary
0.026%	0.026%	0.026%	0.025%	0.032%	Burton Elementary *
0.019%	0.024%	0.024%	0.020%	0.030%	College of the Sequoias - Hanford Schools Facility Improvement District
0.028%	0.023%	0.025%	0.017%	0.024%	College of the Sequoias - Tulare Schools Facility Improvement District
0.025%	0.015%	0.015%	0.012%	0.013%	College of the Sequoias - Visalia Schools Facility Improvement District
0.055%	0.060%	0.060%	0.090%	0.095%	Cutler - Orosi Unified *
0.121%	0.106%	0.068%	0.077%	0.081%	Delano Joint High
0.107%	0.101%	0.104%	0.120%	0.120%	Dinuba Unified
0.020%	0.044%	0.044%	0.049%	0.076%	Earlimart Elementary
0.034%	0.030%	0.030%	0.030%	0.030%	Exeter Elementary
0.046%	0.057%	0.055%	0.030%	0.040%	Exeter High
0.076%	0.076%	0.076%	0.090%	0.119%	Farmersville Unified *
0.060%	0.060%	0.061%	0.054%	0.052%	Hanford Joint High *
0.009%	0.013%	0.010%	0.013%	0.036%	Kern Community College Schools Facility Improvement District *
0.097%	0.159%	0.163%	0.149%	0.137%	Kings Canyon Joint Unified *
0.064%	0.063%	0.063%	0.056%	0.056%	Kings River Elementary
0.049%	0.067%	0.058%	0.032%	0.047%	Kingsburg Joint Elementary
0.056%	0.066%	0.088%	0.062%	0.083%	Kingsburg Joint High
0.030%	0.034%	0.033%	0.030%	0.030%	Liberty Elementary
0.120%	0.165%	0.188%	0.117%	0.140%	Lindsay Unified
0.010%	0.010%	0.012%	0.018%	0.016%	Linns Valley Poso - Flat Joint Elementary
0.000%	0.000%	0.050%	0.085%	0.080%	Pixley Union Elementary
0.057%	0.060%	0.060%	0.062%	0.062%	Porterville Schools Facility Improvement District *
0.038%	0.028%	0.010%	0.000%	0.000%	Richgrove Elementary
0.000%	0.000%	0.020%	0.023%	0.020%	Springville Union Elementary
0.009%	0.010%	0.009%	0.008%	0.026%	State Center Comm College Schools Facility Improvement District *
0.015%	0.015%	0.020%	0.021%	0.018%	Stone Corral
0.040%	0.050%	0.055%	0.048%	0.040%	Strathmore High
0.020%	0.013%	0.013%	0.010%	0.004%	Sundale Elementary
0.030%	0.025%	0.030%	0.045%	0.050%	Terra Bella
0.000%	0.000%	0.000%	0.029%	0.029%	Tipton
0.058%	0.050%	0.053%	0.053%	0.053%	Traver Elementary *
0.058%	0.069%	0.063%	0.066%	0.074%	Tulare High *
0.030%	0.030%	0.030%	0.027%	0.018%	Visalia Unified *
0.029%	0.029%	0.028%	0.022%	0.020%	Woodlake Elementary
0.052%	0.040%	0.040%	0.050%	0.050%	Woodlake High
					Special District Rates
0.025%	0.028%	0.021%	0.021%	0.020%	Kaweah Delta Healthcare District
0.000%	0.000%	0.001%	0.000%	0.040%	Kaweah Delta Water Conservation
0.000%	0.000%	0.000%	0.000%	0.000%	Kings Joint Mosquito Abatement
5.000%	5.000%	5.000%	5.000%	5.000%	Tulare County Pest Control
0.082%	0.082%	0.082%	0.086%	0.100%	Tulare Healthcare District
11.423%	11.423%	11.423%	11.423%	11.423%	South Tulare County Citrus Pest Control District

Concluded

* School rates have been combined with educational facilities.

Note 1: All tax rates are levied and collected upon each $100.00 valuation of net assessed valuation of taxable property, as assessed by the County Assessor, except for Kaweah Delta Water Conservation District (KDWC) and South Tulare County Citrus Pest Control District tax rates. KDWC tax rates are levied and collected upon each $100.00 valuation of land and improvement assessed valuation of taxable property. South Tulare County Citrus Pest Control District tax rates are levied and collected upon each 100 trees per acre valuation as assigned by the County Assessor.

Note 2: The County-wide tax rate is distributed to tax revenue districts according to California State law, specifically AB8. This includes the County of Tulare, Library Fund, Fire Fund, all cities, all schools, and special districts that set tax rates prior to Proposition 13.

Note 3: Method used to calculate overlapping - The amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction.

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Principal Property Taxpayers (unaudited)
June 30, 2017 and June 30, 2008 (in thousands)

Fiscal Year 2017

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Southern California Edison Company	$ 921,169	1	2.77%
Saputo Cheese USA, Inc.	252,895	2	0.76%
California Dairies, Inc./Milk Producers	241,223	3	0.72%
Land O' Lakes, Inc.	182,737	4	0.55%
Wal-Mart Stores, Inc./ Retail Trust	179,416	5	0.54%
Southern California Gas Company	136,409	6	0.41%
Ventura Coastal, LLC	113,372	7	0.34%
Imperial Corporation	92,660	8	0.28%
Pacific Bell Telephone Company	86,768	9	0.26%
Target Corporation	82,261	10	0.25%
Total	$ 2,288,910		6.88%

Fiscal Year 2008

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Southern California Edison Company	$ 298,393	1	1.12%
Land O' Lakes, Inc./Cheese & Protien Intnl., LLC	284,551	2	1.07%
Wal-Mart Stores, Inc.	123,740	3	0.46%
VF Outdoor (Cottonwood Fresno Holdings)	114,475	4	0.43%
California Dairies, Inc./Milk Producers	112,340	5	0.42%
Kraft Foods, Inc.	82,808	6	0.31%
Southern California Gas Company	72,505	7	0.27%
Pacific Bell Telephone Company	59,348	8	0.22%
Ruiz Foods Products, Inc.	58,959	9	0.22%
Best Buy Stores, LP	58,400	10	0.22%
Total	$ 1,265,519		4.74%

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Property Tax Levies and Collections (unaudited)
Last 10 Fiscal Years (in thousands)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Taxes Levied	Amount Collected	Percentage of Levy	Collection in Subsequent Years*	Amount Collected	Percentage of Levy
2008	$ 261,193	$ 245,387	93.95%	$ 6,722	$ 252,109	96.52%
2009	279,176	260,262	93.23%	11,208	271,470	97.24%
2010	276,919	259,724	93.79%	12,440	272,164	98.28%
2011	275,625	258,384	93.74%	9,766	268,150	97.29%
2012	268,816	258,049	95.99%	10,406	268,455	99.87%
2013	261,866	251,629	96.09%	11,133	262,762	100.34%
2014	275,497	268,255	97.37%	11,189	279,444	101.43%
2015	289,784	281,415	97.11%	10,624	292,039	100.78%
2016	304,998	296,878	97.34%	10,784	307,662	100.87%
2017	316,810	308,417	97.35%	7,048	315,465	99.58%
Total	$ 2,810,684	$ 2,688,400		$ 101,320	$ 2,789,720	

*Collections in subsequent years represents monies collected for all previous years excluding the current fiscal year.

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Ratios of Outstanding Debt by Type (unaudited)
Last 10 Fiscal Years (in thousands)

	Governmental Activities						Business-type Activities				
Fiscal Year	Certificates of Participation	Variable Rate Demand Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Loans and Notes	Capital Leases	Certificates of Participation	Bonds	Total Primary Government	Percentage of Personal Income*	Per Capita*
2008	$ 41,790	$ 41,665	$ 21,345	$ 1,586	$ 17,219	$ 6	$ 1,503	$ 8	$ 125,122	1.28%	$ 286
2009	37,210	41,050	16,955	1,778	15,730	-	1,476	8	114,207	1.05%	272
2010	32,290	40,435	11,955	1,689	14,351	-	1,474	7	102,201	0.86%	228
2011	26,315	49,260	6,313	-	13,199	-	1,416	7	96,510	1.38%	235
2012	20,820	39,005	-	-	10,544	654	1,382	7	72,412	0.98%	177
2013	16,350	38,190	-	-	9,332	-	1,346	7	65,225	0.35%	143
2014	11,525	37,375	-	-	4,399	-	1,310	7	54,616	0.30%	119
2015	6,460	36,460	-	-	3,938	-	1,273	6	48,137	0.24%	104
2016	-	35,545	-	-	3,459	36	1,236	5	40,281	0.24%	86
2017	-	34,535	-	-	2,960	27	1,192	5	38,719	0.22%	82

* Personal income and populations used for these calculations appear in the Demographic Statistics section.

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Computation of Direct and Overlapping Debt (unaudited)
June 30, 2017 (in thousands)

Fiscal Year 2017 Assessed Valuation	$ 33,294,328	(includes unitary utility valuation)
Redevelopment Incremental Valuation	(3,424,738)	
Adjusted Assessed Valuation	$ 29,869,590	

OVERLAPPING TAX AND ASSESSMENT DEBT	% Applicable (1)	Debt
College of the Sequoias Hanford School Facilities Improvement District	0.943%	$ 175
College of the Sequoias Tulare School Facilities Improvement District	88.429%	29,619
College of the Sequoias Visalia School Facilities Improvement District	100%	27,214
Other Community College District	2.985% - 8.077%	16,197
Dinuba Joint Unified School District	99.226%	21,865
Lindsay Unified School District	100%	21,069
Porterville Unified School District School Facilities Improvement District	100%	17,107
Visalia Unified School District	100%	57,985
Other Unified School Districts	8.607% - 100%	19,927
Delano Joint Union High School District	25.440%	11,719
Exeter Union High School District	100%	8,655
Tulare Joint Union High School District	99.830%	25,320
Other Union High School Districts	1.114% - 100%	11,591
Exeter Union School District	100%	14,861
Other School Districts	7.434% - 100%	33,100
Kaweah Delta Hospital District	100%	46,624
Tulare Local Healthcare District	100%	84,110
Special District 1915 Act Bonds	100%	1
Special District Revenue Bonds	100%	3,316
City 1915 Act Bonds	100%	797
Total overlapping tax and assessment debt		451,252
OVERLAPPING GENERAL FUND DEBT		
Tulare County Office of Education Certificates of Participation	100%	35,410
College of Sequoias Community College District General Fund Obligations	78.218%	4,259
Kern Community College District General Fund and Benefit Obligations	7.293%	8,103
Dinuba Joint Unified School District Certificates of Participation	99.083%	5,311
Lindsay Unified School District General Fund Obligations	100%	5,480
Porterville Unified School District Certificates of Participation	100%	26,895
Visalia Unified School District Certificates of Participation	100%	17,215
Other Unified School District Certificates of Participation	16.447-100%	5,097
Union High School District Certificates of Participation	1.114-100%	399
School District Certificates of Participation	7.194-100%	46,159
City of Porterville Certificates of Participation and Pension Obligations	100%	24,070
City of Dinuba General Fund Obligations	100%	26,799
City of Lindsay General Fund Obligations	100%	1,445
City of Tulare General Fund Obligations	100%	26,670
City of Visalia Certificates of Participation	100%	21,985
Total overlapping general fund debt		255,297
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		93,465
DIRECT GENERAL FUND DEBT		
Tulare County General Fund Obligations	100%	37,522
Total direct general fund debt		37,522
Total gross direct and overlapping debt		$ 837,536 (2)

(1) The percentage of overlapping debt applicable to the County is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the County divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations.

Note 1: During bond issuance the County receives a repayment schedule from the entities and allocates the overlapping debt based on the percentage of the assessed values.

RATIOS TO ADJUSTED ASSESSED VALUATION

Total Overlapping Tax and Assessment Debt 1.511%
Total Direct Debt …... 0.126%
Combined Total Debt 2.804%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/17: $0

Sources: California Municipal Statistics, Inc. and Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Legal Debt Margin Information (unaudited)
Last 10 Fiscal Years (in thousands)

Legal Debt Margin Calculation for Fiscal Year 2017:

Net assessed value	$ 33,062,001
Debt limit - 1.25 percent of taxable property (1)	$ 413,275
Amount of debt applicable to debt limit (2)	-
Legal debt margin (3)	$ 413,275

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	$ 340,733	$ 337,442	$ 337,442	$ 341,335	$ 338,976
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 340,733	$ 337,442	$ 337,442	$ 341,335	$ 338,976
Total debt limit as a percentage of the legal debt margin	100%	100%	100%	100%	100%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	$ 346,886	$ 357,621	$ 374,972	$ 394,278	$ 413,275
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	$ 346,886	$ 357,621	$ 374,972	$ 394,278	$ 413,275
Total debt limit as a percentage of the legal debt margin	100%	100%	100%	100%	100%

(1) Constitutional Amendment XIIIA, passed by a vote of the people and effective July 1, 1978, prohibits the County from raising ad valorem property taxes above 1.00% of full cash value. Thus, the legal debt is 1.25% of assessed valuation.

(2) As of 6/30/2017 the County had no tax supported general obligation bonded debt outstanding.

(3) Legal debt margin is computed by subtracting the County legal general obligation bonded debt from the legal debt limit.

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Demographics and Economic Statistics (unaudited)
Last 10 Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income	Personal Income (5)(6)	Median Age (3)(6)	School Enrollment (4)	Unemployment Rate (2)
2008	436,839	$ 22,464	$ 9,813,002	29	95,344	9.8%
2009	441,481	25,920	10,864,847	29	96,811	14.7%
2010	447,814	26,545	11,887,222	29	97,321	14.7%
2011	436,946	16,999	6,972,784	30	97,889	15.9%
2012	449,253	17,966	7,369,546	30	98,831	15.2%
2013	455,599	33,648	15,329,995	29	99,964	12.8%
2014	459,446	33,495	15,389,143	29	101,099	11.6%
2015	462,189	35,221	16,278,758	31	102,206	11.0%
2016	466,339	36,631	17,082,463	31	102,703	9.5%
2017	471,842	37,642	17,761,195	31	103,599	9.9%

Sources:

(1) State of California, Department of Finance; Census every 10 years
(2) State of California, Employment Development Department
(3) U.S. Census Bureau; Median age is the age at which there are as many residents older as there are younger.
(4) California Department of Education, Educational Demographics Unit
(5) U.S. Department of Commerce, Bureau of Economic Analysis
(6) County Administrative Office, County of Tulare

COUNTY OF TULARE
Statistical Section
Principal Employers (unaudited)
June 30, 2017 and June 30, 2008

Fiscal Year 2017

Employer	Employees	Rank	Percentage of Total County Employment
County of Tulare	4,945	1	2.63%
Kaweah Delta Health Care District	2,000	2	1.06%
Sierra View District Hospital	1,800	3	0.96%
Ruiz Foods Products, Inc.	1,800	3	0.96%
Wal-Mart Distribution Center	1,692	4	0.90%
Porterville Development Center	1,399	5	0.74%
College of the Sequoias	1,160	6	0.62%
Jostens	720	7	0.38%
CIGNA HealthCare	700	8	0.37%
Monrovia Nursery Company	600	9	0.32%
Land O'Lakes, Inc.	600	9	0.32%
Saputo Cheese USA, Inc.	530	10	0.28%
Total	17,946		9.54%

Fiscal Year 2008

Employer	Employees	Rank	Percentage of Total County Employment
County of Tulare	4,320	1	2.70%
Porterville Development Center	2,014	2	1.26%
Kaweah Delta Health Care District	2,000	3	1.25%
Ruiz Foods Products, Inc.	1,800	4	1.13%
Wal-Mart Distribution Center	1,692	5	1.06%
College of the Sequoias	1,160	6	0.73%
CIGNA HealthCare	900	7	0.56%
Jostens	720	8	0.45%
Dairyman's/Land O'Lakes, Inc.	600	9	0.38%
Monrovia Nursery Company	600	10	0.38%
Total	15,806		9.90%

Source: Tulare County Economic Development Corporation

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COUNTY OF TULARE
Statistical Section
Employees by Function (unaudited)
Last 10 Fiscal Years

Function	Fiscal Year 2008	2009	2010	2011	2012
General Government					
Administration	53	52	49	51	50
County Counsel	45	48	48	50	50
Risk Management	9	6	4	6	4
Elections	7	7	7	5	4
Finance	144	144	143	157	148
Purchasing	6	6	7	5	8
Planning and Development	78	77	67	54	75
Other General	322	297	257	254	231
Public Protection					
Child Support Services	269	269	226	194	212
District Attorney	196	201	215	233	194
Fire Protection	111	114	114	122	117
Probation	327	335	348	345	340
Public Defender	83	83	83	78	83
Sheriff-Coroner	772	751	733	743	721
Trial Courts	-	-	-	1	2
Other Protection	58	58	60	102	93
Public Ways and Facilities	134	134	149	200	151
Health and Sanitation	575	475	443	439	483
Public Assistance	1,721	1,366	1,404	1,392	1,564
Education	45	45	47	59	47
Culture and Recreation	16	15	18	19	9
Solid Waste Management	76	75	64	66	61
Total Number of Employees	5,047	4,558	4,486	4,575	4,647

Continued

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Employees by Function (unaudited) (continued)
Last 10 Fiscal Years

Fiscal Year 2013	2014	2015	2016	2017	Function
					General Government
50	50	50	50	52	Administration
52	50	50	46	46	County Counsel
6	11	11	11	11	Risk Management
7	5	7	7	7	Elections
146	152	151	151	152	Finance
8	8	8	9	10	Purchasing
85	81	81	71	69	Planning and Development
244	255	258	268	278	Other General
					Public Protection
211	211	206	204	201	Child Support Services
205	212	212	204	210	District Attorney
114	114	113	117	116	Fire Protection
377	377	379	385	395	Probation
89	89	89	91	92	Public Defender
799	811	832	840	857	Sheriff-Coroner
2	2	2	3	2	Trial Courts
94	87	89	87	87	Other Protection
156	157	154	156	159	Public Ways and Facilities
488	477	469	480	492	Health and Sanitation
1,574	1,559	1,534	1,584	1619	Public Assistance
45	45	48	50	49	Education
9	-	-	-	-	Culture and Recreation
52	47	33	36	40	Solid Waste Management
4,813	4,800	4,776	4,850	4,944	Total Number of Employees

Concluded

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Operating Indicators by Function (unaudited)
Last 10 Fiscal Years

	Fiscal Year				
Function	**2008**	**2009**	**2010**	**2011**	**2012**
Public Protection					
Child Support Services					
Number of Caseloads	34,960	37,498	36,109	31,621	29,055
Number of Orders Established	2,211	2,347	3,972	1,638	1,277
District Attorney					
Number of Adult Felony Cases Filed	5,547	4,742	4,074	4,085	4,275
Number of Adult Misdemeanor Cases Filed	14,192	14,028	11,606	10,228	10,511
Number of Juvenile Misdemeanor Cases Filed	877	640	526	364	288
Number of Juvenile Felony Cases Filed	733	719	674	607	629
Total Cases Tried (Excluding Juvenile Trials)	173	217	175	137	139
Fire Protection					
Number of Fires	3,227	1,890	4,429	1,735	3,292
Medical Aids	7,408	7,395	6,949	7,529	6,927
Assist Other Agencies	1,383	597	861	512	361
Public Defender					
Felony New Cases Opened	5,526	5,549	4,767	4,663	5,339
Misdemeanor New Cases Opened	8,620	7,638	6,911	7,374	7,409
Juvenile Delinquency New Cases Opened	1,879	1,904	1,443	1,214	1,095
Sheriff-Coroner					
Homicide	13	28	12	21	19
Rape	29	31	26	32	37
Robbery	78	92	90	91	72
Aggrevated Assault	388	369	415	398	441
Burglary	906	1,076	1,186	1,132	1,272
Larceny Theft	2,247	2,106	2,041	2,164	1,964
Warrants Processed	21,195	22,761	19,079	22,548	17,079
Jail Population - Admissions	26,183	25,376	24,348	23,444	22,251
Number of Auto Theft Vehicles Recovered	96	116	37	47	34
Environmental Health					
Hazardous Materials Inspections	414	427	386	387	427
Hazardous Waste Inspections	214	201	212	221	233
Animal Control Field Calls	4,022	4,199	3,876	3,843	4,530
Animal Control Intake	9,151	9,221	8,787	9,316	9,269
Solid Waste Inspections	237	263	282	251	266
Public Ways and Facilities					
Roads					
Total Maintained Mileage	3,006	3,046	3,046	3,041	3,041
Public Assistance					
Mental Health Clients Served					
Outpatient	9,530	9,568	9,757	9,652	9,427
Impatient	579	365	671	772	608
Conserved	229	180	186	178	184
Community Based Programs					
Congregate Meals Served	107,509	82,240	69,851	71,261	70,150
Home Delivered Meals	99,140	47,953	51,692	65,260	59,460
Health Insurance Counseling and Advocacy Program	259	318	348	351	575
Number of People Served through Area Agency on Aging Funds	217,876	182,252	184,815	133,068	137,104
Number of Adult Protective Services Cases Opened	942	916	893	768	1,249
Number of Enrolled Participants in Cal Works	6,274	6,452	6,519	7,335	7,686
Welfare Fraud					
Major Fraud Cases Completed	1,968	2,325	3,700	3,675	2,960
Persons Convicted	99	131	227	103	81
Court Ordered Restitution	446,587	539,344	187,912	287,254	335,518
Culture and Recreation					
Library					
Volumes in collection	288,035	-	341,774	343,928	285,915
eBooks, eAudiobooks, Audiobooks and Music CDs	3,700	5,600	9,800	12,500	18,994
Parks and Recreation					
Total Number of Cars Entered Parks	20,351	19,511	17,639	25,702	19,234
Total Amount of Park Reservations	1,735	1,636	1,036	837	1,095
Other Enterprises					
Solid Waste					
Landfill Tonnage Gross Total	271,245	235,162	225,337	246,965	261,828
Landfill Tonnage Recycled Total	48,892	50,117	49,207	56,128	54,712
Transit					
Total Route Miles	517,947	631,960	676,359	794,963	842,636
Number of Passengers	130,266	155,151	188,999	244,500	308,293

Continued

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Operating Indicators by Function (unaudited) (continued)
Last 10 Fiscal Years

Function	2013	2014	2015	2016	2017
Public Protection					
Child Support Services					
Number of Caseloads	27,633	26,136	25,066	24,250	23,587
Number of Orders Established	1,185	1,167	1,456	1,161	961
District Attorney					
Number of Adult Felony Cases Filed	5,374	5,481	5,729	4,160	4,496
Number of Adult Misdemeanor Cases Filed	10,272	9,966	12,055	13,763	12,674
Number of Juvenile Misdemeanor Cases Filed	205	242	349	398	342
Number of Juvenile Felony Cases Filed	505	544	462	391	403
Total Cases Tried (Excluding Juvenile Trials)	124	138	114	126	108
Fire Protection					
Number of Fires	4,647	4,745	4,654	4,707	1,450
Medical Aids	7,235	7,336	8,077	7,305	7,570
Assist Other Agencies	277	268	509	545	398
Public Defender					
Felony New Cases Opened	6,758	8,380	9,058	7,597	6,056
Misdemeanor New Cases Opened	7,224	7,649	8,645	8,913	9,251
Juvenile Delinquency New Cases Opened	993	1,004	1,208	1,182	999
Sheriff-Coroner					
Homicide	22	13	26	14	19
Rape	31	17	32	25	35
Robbery	96	90	76	46	75
Aggrevated Assault	511	391	328	217	247
Burglary	1,109	1,010	686	813	686
Larceny Theft	1,799	1,401	1,251	1,274	1,310
Warrants Processed	17,538	19,650	22,071	23,042	24,648
Jail Population - Admissions	22,660	22,563	22,881	21,301	19,204
Number of Auto Theft Vehicles Recovered	62	44	76	162	151
Environmental Health					
Hazardous Materials Inspections	358	339	333	424	420
Hazardous Waste Inspections	218	181	196	198	218
Animal Control Field Calls	4,955	5,184	5,115	5,267	6,891
Animal Control Intake	9,269	8,945	8,348	7,684	7,917
Solid Waste Inspections	272	263	237	321	316
Public Ways and Facilities					
Roads					
Total Maintained Mileage	3,039	3,038	3,035	3,031	3,031
Public Assistance					
Mental Health Clients Served					
Outpatient	9,637	10,577	11,417	11,691	11,516
Impatient	710	812	802	776	762
Conserved	199	190	156	157	146
Community Based Programs					
Congregate Meals Served	60,743	60,890	69,200	66,192	61,672
Home Delivered Meals	63,089	64,470	79,271	69,185	71,318
Health Insurance Counseling and Advocacy Program	1,156	974	1,114	1,073	1,131
Number of People Served through Area Agency on Aging Funds	137,104	110,992	103,127	55,269	54,365
Number of Adult Protective Services Cases Opened	1,198	1,423	1,656	1,563	1,526
Number of Enrolled Participants in Cal Works	7,843	8,370	8,308	8,142	6,928
Welfare Fraud					
Major Fraud Cases Completed	4,195	-	4,351	2,279	1,731
Persons Convicted	142	-	97	18	149
Court Ordered Restitution	458,324	-	279,920	139,787	351,630
Culture and Recreation					
Library					
Volumes in collection	294,513	289,830	304,912	306,860	301,971
eBooks, eAudiobooks, Audiobooks and Music CDs	24,221	26,412	29,709	20,722	26,713
Parks and Recreation					
Total Number of Cars Entered Parks	13,963	17,297	15,364	19,038	22,340
Total Amount of Park Reservations	789	734	709	624	746
Other Enterprises					
Solid Waste					
Landfill Tonnage Gross Total	257,262	251,826	345,633	417,252	466,650
Landfill Tonnage Recycled Total	43,171	46,301	37,824	37,995	46,927
Transit					
Total Route Miles	929,804	1,009,061	999,663	1,039,336	1,033,941
Number of Passengers	351,697	356,560	374,312	348,737	301,666

Concluded

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Capital Asset Statistics by Function (unaudited)
Last 10 Fiscal Years

	Fiscal Year				
Function	**2008**	**2009**	**2010**	**2011**	**2012**
Public Protection					
Sheriff-Coroner					
Stations	4	4	4	4	4
Fire Protection					
Stations	28	29	26	27	27
Building Permits Issued	5,118	3,925	3,353	3,494	3,333
Public Ways and Facilities					
Roads					
Roads (miles)	3,006	3,046	3,540	3,041	3,041
Streetlights	1,468	1,384	1,472	1,537	1,541
Culture and Recreation					
Library					
Number of Branches	15	15	15	15	15
Volumes in Collection	288,035	-	341,774	343,928	285,915
Parks and Recreation					
Park Acreage	688	688	688	628	628
Parks	11	11	11	10	10
Museum (square feet)	25,919	25,919	42,919	42,919	42,919
Other Enterprises					
Solid Waste					
Landfill Sites	7	7	7	7	7
Transfer Stations	7	7	7	7	7

Continued

Source: Auditor-Controller, County of Tulare

COUNTY OF TULARE
Statistical Section
Capital Asset Statistics by Function (unaudited) (continued)
Last 10 Fiscal Years

Fiscal Year 2013	2014	2015	2016	2017	Function
					Public Protection
					Sheriff-Coroner
4	4	4	4	4	Stations
					Fire Protection
27	27	27	27	27	Stations
3,581	3,474	3,639	4,617	4,517	Building Permits Issued
					Public Ways and Facilities
					Roads
3,041	3,038	3,035	3,031	3,495	Roads (miles)
1,542	1,471	1,471	1,157	1,157	Streetlights
					Culture and Recreation
					Library
15	15	15	15	17	Number of Branches
285,915	285,915	304,912	306,860	301,971	Volumes in Collection
					Parks and Recreation
628	628	628	628	628	Park Acreage
10	10	10	10	10	Parks
42,919	42,919	42,919	42,919	42,919	Museum (square feet)
					Other Enterprises
					Solid Waste
7	3	2	2	2	Landfill Sites
7	7	6	6	6	Transfer Stations

Concluded

Source: Auditor-Controller, County of Tulare

APPENDIX C

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this section regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the County and the Underwriter take no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, acts as securities depository for the Series 2018 Bonds. The Series 2018 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2018 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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, as amended. 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Bonds, except in the event that use of the book-entry system for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial

Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017 Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the Series 2018 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Series 2018 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2018 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Series 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on the 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, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Series 2018 Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2018 Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series 2018 Bonds will be printed and delivered to DTC.

The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County, the Authority and the Underwriter believe to be reliable, but the County and Underwriter do not take any responsibility for the accuracy thereof.

APPENDIX D

SUMMARY OF THE TRUST AGREEMENT

APPENDIX D

SUMMARY OF THE TRUST AGREEMENT

This Appendix D contains only a brief summary of certain of the terms of the Trust Agreement and a full review should be made of the entire Official Statement, including the cover page and the Appendices. All statements contained in this Appendix D are qualified in their entirety by reference to the entire Official Statement. Terms used herein but not defined herein shall be as defined in the Official Statement and in the respective document referenced. References to, and summaries of, provisions of the documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

Defined Terms

The terms defined below shall, for all purposes of the Trust Agreement and of any certificate, opinion, request or other document therein mentioned, have the meanings specified below unless the context clearly requires otherwise.

"**Account**" means any account established pursuant to the Trust Agreement.

"**Additional Bonds**" means bonds issued in accordance with the Trust Agreement.

"**Association**" means the Tulare County Employees' Retirement Association.

"**Authorized County Representative**" means the County Administrative Officer, or any other officer of the County duly authorized by the County to act on his behalf.

"**Bond Counsel**" means Hawkins Delafield & Wood LLP, Los Angeles, California or another firm of attorneys nationally recognized as experts in the area of municipal finance who are familiar with the transactions contemplated under the Trust Agreement and acceptable to the County.

"**Bond Interest Account**" means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

"**Bond Principal Account**" means the Account of that name established within the Revenue Fund pursuant to the Trust Agreement.

"**Bondholder**" or "**registered Bondholder**" means the registered Bondholder of any Series 2018 Bonds, including DTC or its nominee as the sole registered Bondholder of Book-Entry Bonds.

"**Book-Entry Bonds**" means the Series 2018 Bonds held by DTC (or its nominee) as the registered Bondholder thereof pursuant to the terms and provisions of the Trust Agreement.

"**Business Day**" means a day (a) other than a day on which banks located in the City of New York, New York or the city in which the Principal Office of the Trustee is located, are required or authorized by law or executive order to close, and (b) on which the New York Stock Exchange is open.

"**Continuing Disclosure Certificate**" shall mean that certain Continuing Disclosure Certificate, dated as of June 1, 2018, as amended from time to time in accordance with the terms thereof.

"**Costs of Issuance**" means all costs and expenses incurred by the County in connection with the issuance of the Series 2018 Bonds, including, but not limited to, out-of-pocket expenses of the County, costs and expenses of printing and copying documents and the Series 2018 Bonds and the fees, costs and expenses of the Rating Agency, the Trustee, counsel to the Trustee, Bond Counsel, Disclosure Counsel, the Association's actuary, the County's accountants, the County's municipal finance consultant and other consultants to the County.

"**Costs of Issuance Fund**" means the Fund of that name established pursuant to the Trust Agreement.

"**Defeasance Obligations"** means (i) cash, (ii) non-callable Federal Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment of principal of and premium, if any, and interest due on the Series 2018 Bonds and/or (iii) Pre-refunded Municipals, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment of principal of and premium, if any, and interest due on the Series 2018 Bonds.

"**DTC**" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"**Event of Default**" means any occurrence or event specified under the caption "Events of Default" herein.

"**Federal Securities**" means the following:

1. U.S. Treasury certificates, notes and bonds (including State and Local Government Series -- "SLGS").

2. Direct obligations of the Treasury which have been stripped by the Treasury itself.

3. Resolution Funding Corp. (REFCORP) obligations. Only the interest components of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.

4. Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:

   a. <u>U.S. Export-Import Bank</u> (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership

c. Federal Financing Bank

d. U.S. General Services Administration
Participation certificates

e. U.S. Maritime Administration
Guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures
-- U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds
-- U.S. government guaranteed public housing notes and bonds.

"**Fiscal Year**" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period as the County designates as its fiscal year.

"**Fund**" means any fund established pursuant to the Trust Agreement.

"**Interest Payment Date**" means each June 1 and December 1, commencing on December 1, 2018.

"**Mail**" means by first-class United States mail, postage prepaid.

"**Moody's**" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the County.

"**Opinion of Bond Counsel**" means a written opinion of Bond Counsel.

"**Outstanding**," with respect to the Series 2018 Bonds, means all Series 2018 Bonds which have been authenticated and delivered under the Trust Agreement, except:

(a) Series 2018 Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby.

(b) Series 2018 Bonds deemed to be paid in accordance with the Trust Agreement.

(c) Series 2018 Bonds in lieu of which other Series 2018 Bonds have been authenticated under the Trust Agreement.

(d) Series 2018 Bonds that have become due (at maturity, on redemption, or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee.

(e) For purposes of any consent or other action to be taken by the holders of a specified percentage of Series 2018 Bonds Outstanding under the Trust Agreement, Series 2018 Bonds held by or for the account of the County or by any person controlling, controlled by or under common control with the County, unless such Series 2018 Bonds are pledged to secure a debt to an unrelated party, in which case such Series 2018 Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Series 2018 Bonds are pledged. Nothing in the Trust Agreement shall be deemed to prevent the County from purchasing Series 2018 Bonds from any party out of any funds available to the County.

"**Permitted Investments**" means any of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, 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 or any Federal Reserve Bank) or securities or other instruments evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations, which shall be held by a custodian on behalf of such owners;

(2) (i) obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation or the Tennessee Valley Authority, or (ii) obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal by, the Federal National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal), or (iii) guaranteed portions of Small Business Administration notes, or (iv) obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise; *provided, however*, that prior to investing in investments described in clause (iv) hereof, the County shall have provided to the Trustee a Certificate of the County that such investment shall have been approved for investment by the Rating Agency;

(3) bills of exchange or time drafts drawn on and accepted by a commercial bank (including the Trustee or its affiliates), otherwise known as bankers acceptances, which are drawn on any bank the short-term obligations of which are of the highest letter and numerical rating category as provided by the Ratings Agencies; *provided* that purchases of eligible bankers acceptances may not exceed 270 days' maturity;

(4) commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by the Ratings Agencies at the time of purchase, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars ($500,000,000) and that have an "A" or higher rating for the issuer's unsecured debentures, other

than commercial paper, as provided by the Ratings Agencies; *provided* that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding commercial paper of an issuing corporation;

(5) certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee or its affiliates) or a state or federal savings and loan association, *provided* that such certificates of deposit either shall be (i) continuously and fully insured by the Federal Deposit Insurance Corporation or (ii) have maturities of not more than 365 days and be issued by any state or national bank or a state or federal savings and loan association, the short term obligations of which are rated in the highest short term letter and numerical rating category by the Rating Agency;

(6) any repurchase agreement with any state or national bank (including the Trustee or its affiliates) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement either is (i) with any institution which has debt rated no lower than "AA" or whose commercial paper is rated no lower than "A-1" by S&P, if then rating the Series 2018 Bonds; (ii) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code *provided* that: (a) the term of such repurchase agreement is less than one year or due on demand; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the market value of the collateral is maintained at levels acceptable to the Rating Agency as evidenced by a Certificate of the County delivered to the Trustee; (d) failure to maintain the requisite collateral levels by the agreed "cure period" will require the Trustee to liquidate the collateral immediately; (e) the repurchase agreement securities must be either obligations of, or fully guaranteed as to principal and interest by, the United States of America or any agency of the United States of America, certificates of deposit or bankers' acceptances; and (f) repurchase agreement securities are free and clear of any third-party lien or claim; or (iii) with financial institutions insured by the Federal Deposit Insurance Corporation or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corporation; *provided* that: (a) the market value of the collateral is maintained at levels acceptable to the Rating Agency as evidenced by a Certificate of the County delivered to the Trustee; (b) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral; (c) the Trustee has a perfected first priority security interest in the collateral; (d) the collateral is free and clear of third-party liens and in the case of a Securities Investors Protection Corporation broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement; and (e) failure to maintain the requisite collateral percentage by the agreed "cure period" will require the Trustee to liquidate the collateral immediately ("cure period" is defined as the time agreed to by the parties as the deadline for satisfaction of margin maintenance obligations which in the absence of an agreed "cure period" would be in accordance with market practices the same day as the margin notice is received);

(7) certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or of any political subdivision or public agency, including the County of Tulare, thereof which are rated in the highest short-term rating category or within one of the two highest long term rating categories of the Rating Agency (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(8) for amounts less than $10,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank including affiliates of the Trustee, or state or federal savings and loan association in the State, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(9) investments in taxable government money market portfolios restricted to obligations with an average maturity of one year or less, issued, or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America or repurchase agreements with underlying collateral which is issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America, and rated in either of the two highest rating categories by the Rating Agency, including those for which the Trustee or an affiliate of the Trustee receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise;

(10) investment agreements including guaranteed investment contracts with providers rated "AA" or better by the Rating Agency and forward delivery agreements for the delivery of investments otherwise qualifying as Permitted Investments, provided that any investment agreement for the investment of the Bond Fund will also be subject to the review and acceptance of the Rating Agency; and

(11) the Tulare County Treasury Pool.

"**Pre-refunded Municipals**" means pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, if the issue is only rated by S&P, then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipal obligations.

"**Principal Office of the Trustee**" means the office of the Trustee at the address set forth in the Trust Agreement, provided for transfer, exchange, registration, surrender, and payment of Series 2018 Bonds means care of the corporate trust office of U.S. Bank, N.A. in San Francisco, California or such other office designated by the Trustee.

"**Rating Agency**" means S&P, Moody's, or such other entities as are designated by the County from time to time and who have assigned a rating on the Series 2018 Bonds.

"**Rating Category**" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"**Redemption Fund**" means the Fund of that name established pursuant to the Trust Agreement.

"**Responsible Officer**" means an officer of the Trustee assigned by the Trustee to administer the Trust Agreement.

“**Retirement Act**” has the meaning assigned that term in the Recitals to the Trust Agreement.

“**Revenue Fund**” means the Fund of that name established pursuant to the Trust Agreement.

“**S&P**” means Standard & Poor’s, a Division of the McGraw-Hills Companies, Inc., and its successors, and if S&P shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the County.

“**Series 2018 Bonds**” means the bonds issued under the Trust Agreement and designated as “County of Tulare Taxable Pension Obligation Bonds, Series 2018.”

“**State**” means the State of California.

“**Trust Agreement**” means the Trust Agreement, dated as of June 1, 2018, by and between the County and the Trustee, as it may be amended, supplemented, or otherwise modified from time to time.

“**Trustee**” means U.S. Bank National Association, and any successor as provided in the Trust Agreement.

Other Definitional Provisions

Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of the Trust Agreement. Any of the terms defined under the caption “Defined Terms” above may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

Equal Security

In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract between the County and the Trustee for the benefit of the Owners from time to time of all Bonds authorized, issued, executed and delivered under the Trust Agreement and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, with respect to all Bonds which may from time to time be authorized, issued, executed and delivered under the Trust Agreement, subject to the agreements, conditions, covenants and provisions contained in the Trust Agreement; and all agreements and covenants set forth in the Trust Agreement to be performed by or on behalf of the County shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, issuance, execution or delivery thereof or for any cause whatsoever, except as expressly provided in the Trust Agreement or therein.

Additional Bonds

From time to time, the County may enter into (i) one or more other trust agreements or indentures and/or (ii) one or more supplemental agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to refund the Series 2018 Bonds or to refund any other evidences of indebtedness of the County arising pursuant to the Retirement Act. Such Additional Bonds may be issued on a parity with the Series 2018 Bonds.

Sources of Payment of Series 2018 Bonds

The County shall provide for payment of principal or redemption price of and interest on the Series 2018 Bonds from any source of legally available funds of the County and deposit payment in the Revenue Fund at least three (3) Business Days before the payment date of any principal of and interest on the Series 2018 Bonds. The Series 2018 Bonds shall be obligations of the general fund of the County, shall not be limited as to payment to any special source of funds of the County and the payment thereof shall not be subject to appropriation. The Series 2018 Bonds do not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The amounts due with respect to the Series 2018 Bonds shall be payable as provided by Section 31584 of the California Government Code. Neither the Series 2018 Bonds nor the obligation of the County to make payments on the Series 2018 Bonds constitute an indebtedness of the County, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Costs of Issuance Fund

There is created in the Trust Agreement a Fund to be held by the Trustee designated "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Costs of Issuance Fund" (the "Costs of Issuance Fund"). Funds on deposit in the Costs of Issuance Fund shall be used to pay or to reimburse the County for the payment of Costs of Issuance. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee upon requisition executed by an Authorized County Representative.

At such time as the County delivers to the Trustee written notice that all Costs of Issuance have been paid or otherwise notifies the Trustee in writing that no additional amounts from the Costs of Issuance Fund will be needed to pay Costs of Issuance, the Trustee shall transfer all amounts then remaining in the Costs of Issuance Fund as directed by an Authorized County Representative. The Costs of Issuance Fund shall be closed at such time as no amounts remain in therein.

Revenue Fund and Certain Accounts

(a) There is created in the Trust Agreement a Fund to be held by the Trustee designated "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Revenue Fund" (the "Revenue Fund"). There are created in the Revenue Fund two separate Accounts designated "Bond Interest Account" and "Bond Principal Account."

(b) All amounts received by the Trustee from the County in respect of interest payments on the Series 2018 Bonds shall be deposited in the Bond Interest Account and shall be disbursed to the applicable Bondholders to pay interest on the Series 2018 Bonds. All amounts held at any time in the Bond Interest Account (including amounts deposited pursuant to the provisions under the caption "Creation of Redemption Fund") shall be held for the security and payment of interest on the Series 2018 Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the County shall promptly deposit funds to such Account to cure such deficiency.

(c) All amounts received by the Trustee from the County in respect of principal payments on the Series 2018 Bonds shall be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal of the Series 2018 Bonds, as applicable, pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the County shall promptly deposit funds to such Account to cure such deficiency.

(d) The moneys in such Fund and Accounts shall be held by the Trustee in trust and applied as in the Trust Agreement provided and, pending such application, shall be subject to a lien and charge in favor of the holders of the Series 2018 Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

Redemption Fund

A Fund to be held by the Trustee is created and designated in the Trust Agreement as the "County of Tulare Taxable Pension Obligation Bonds, Series 2018 Redemption Fund" (the "Redemption Fund"). All moneys deposited by the County with the Trustee for the purpose of redeeming Series 2018 Bonds shall be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Series 2018 Bonds in the manner, at the times and upon the terms and conditions specified in the Trust Agreement; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of written instructions from an Authorized County Representative, apply such amounts to the purchase of Series 2018 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as directed by the County.

Moneys Held in Redemption Fund

All moneys which shall have been withdrawn from the Revenue Fund and deposited in the Redemption Fund for the purpose of paying any of the Series 2018 Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Series 2018 Bonds.

Unclaimed Moneys

Any moneys which shall be set aside or deposited in the Redemption Fund, the Bond Principal Account, the Bond Interest Account or any other Fund or Account for the benefit of holders of Series 2018 Bonds and which shall remain unclaimed by the holders of such Series 2018 Bonds for a period of one year after the date on which such Series 2018 Bonds shall have become due and payable (or such longer period as shall be required by State law) shall be paid to the County, and thereafter the holders of such Series 2018 Bonds shall look only to the County for payment and the County shall be obligated to make such payment, but only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to any of such moneys.

Punctual Payment and Performance

The County will punctually pay the principal of, premium, if any, and interest to become due on every Series 2018 Bonds issued under the Trust Agreement in strict conformity with the terms of the Trust Agreement and of the Series 2018 Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the County contained in the Trust Agreement and in the Series 2018 Bonds.

Extension of Payment of Series 2018 Bonds

The County shall not directly or indirectly extend or assent to the extension of the maturity of any of the Series 2018 Bonds or the time of payment of any claims for principal of, principal, if any, or interest on the Series 2018 Bonds by the purchase of such Series 2018 Bonds or by any other arrangement, and in case the maturity of any of the Series 2018 Bonds or the time of payment of any such claims for interest shall be extended, such Series 2018 Bonds or claims for interest shall not be entitled, in case of any Event of Default under the Trust Agreement, to the benefits thereof, except subject to the prior payment in full of the principal of all of the Series 2018 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended; provided, that nothing in this paragraph shall be deemed to limit the right of the County to issue additional Series of Bonds or other obligations of the County for the purpose of refunding any Outstanding Series 2018 Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Series 2018 Bonds.

Additional Debt

Notwithstanding anything contained in the Trust Agreement to the contrary, the County expressly reserves the right to enter into one or more other agreements or indentures for any of its lawful purposes, and reserves the right to issue other obligations for such purposes at any time including, without limitation, additional obligations for the purpose of funding additional pension obligations of the County.

Payment of Series 2018 Bonds by County Auditor-Controller/Treasurer-Tax Collector

The Series 2018 Bonds constitute obligations imposed by law and are absolute and unconditional, without any right of set-off or counter claim. In the event the County Board of Supervisors fails to make appropriations sufficient to deposit with the Trustee the amounts required to pay principal of, premium, if any, and interest on the Series 2018 Bonds by an Interest Payment Date, in accordance with Section 31584 of the Retirement Act, the County Auditor-Controller/Treasurer-Tax Collector shall transfer any lawfully available funds in the County Treasury to the Trustee to the extent necessary to pay the principal of, premium, if any, and interest coming due on the Series 2018 Bonds on such Interest Payment Date, and such transfer will have the same force and effect as it would have had if the required appropriation had been made by the County Board of Supervisors. The County Auditor-Controller/Treasurer-Tax Collector will furnish written notice to the County Board of Supervisors of any such transfer.

Accounting Records and Reports

The County will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of moneys on deposit in the funds and accounts established under the Trust Agreement.

Prosecution and Defense of Suits; Indemnification of Trustee

To the extent permitted by law, the County will (1) defend against every suit, action or proceeding at any time brought against the Trustee upon any claim arising out of the appointment of the Trustee or performance of the Trustee's obligations under the Trust Agreement and (2) indemnify and hold harmless the Trustee, including its directors, officers and employees, against any and all liability of any nature claimed or asserted by any person arising out of the appointment of the Trustee or performance of the Trustee's obligations under the Trust Agreement, including reasonable legal fees and expenses. This provision of the Trust Agreement shall not apply to any suit, action, proceeding, claim, liability, loss, cost, damage, or expense resulting from the negligence or willful misconduct of the Trustee or breach of the Trustee's obligations in the Trust Agreement. The indemnities provided by this provision of the Trust Agreement shall survive termination of the Trust Agreement and the resignation or removal of the Trustee.

In connection with any claim by the Trustee for indemnification or defense by the County under the Trust Agreement, the Trustee shall promptly give the County written notice setting forth the relevant facts within the actual knowledge of the Trustee and an accounting setting forth all losses, costs, claims, expenses and damages in reasonable detail. The Trustee agrees that upon receipt of notice of the commencement of any action against the Trustee with respect to which the Trustee intends to seek the County's indemnity or defense pursuant to the Trust Agreement, the Trustee shall promptly give written notice to the County of the commencement of the suit, action or proceeding, together with a copy of the papers served.

The County shall be entitled to contest or defend (including a defense with a reservation of rights that the County has no duty to indemnify or defend the Trustee) such suit, action or proceeding if it gives written notice of its intention to do so to the Trustee within 30 days after its receipt of such notice. If the County and the Trustee are parties to the same suit, action or proceeding, and the Trustee has been advised by its own counsel that one or more legal defenses may be available to the Trustee that may not be available to the County, then the Trustee shall be entitled to its own counsel in any such action brought against it for which it may seek indemnity or defense as provided in the Trust Agreement from the County; provided that, the Trustee shall promptly advise the County in writing as to each such legal defense and the specific reason that such legal defense may be available to the Trustee and not available to the County, and provided further, that the County shall not, in connection with one such suit, action or proceeding or separate but substantially similar or related suits, actions or proceedings arising out of the same allegation or circumstances be liable for the fees and expenses of more than one (1) separate firm of attorneys for the Trustee at any point in time, and that the contemplated legal fees and estimated legal expenses of such counsel shall be approved in writing by the County prior to such retention, which approval shall not be unreasonably withheld, and that such fees and expenses shall be reasonable. Notwithstanding any contrary provision in the Trust Agreement, this covenant shall remain in full force and effect even though all Series 2018 Bonds secured hereby may have been fully paid and satisfied, and the rights of the Trustee and the obligations of the County under this provision of the Trust Agreement shall survive the discharge of the Trust Agreement and the resignation or removal of the Trustee.

Further Assurances

Except to the extent otherwise provided in the Trust Agreement, the County shall not enter into any contract or take any action by which the rights of the Trustee or the Owners may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may confirm to the Trustee all the rights and obligations of the County under and pursuant to the Trust Agreement.

Trust Agreement to Constitute a Contract

The Trust Agreement is executed by the County for the benefit of the Bondholders and constitutes a contract with the Bondholders.

Continuing Disclosure Certificate

The County covenants and agrees that it will comply with and carry out its duties and obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the County to comply with Continuing Disclosure Certificate shall not be considered an Event of Default under the Trust Agreement; provided, however, the obligations of the County to comply with the provisions of the Continuing Disclosure Certificate shall be enforceable by any Bondholder of Outstanding Bonds. The Bondholders' and Trustee's rights to enforce the provisions of the Continuing Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under the Continuing Disclosure Certificate. Notwithstanding the foregoing, the County shall be entitled to amend or rescind the Continuing Disclosure Certificate to the extent permitted by law.

Investments Authorized

Money held by the Trustee in any fund or account under the Trust Agreement shall be invested by the Trustee in Permitted Investments pending application as provided therein at the prior written direction of an Authorized County Representative, which investments shall be registered in the name of the Trustee, as Trustee, where applicable, and shall be held by the Trustee. The obligations in which moneys in said funds, accounts and subaccounts are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out under the Trust Agreement. The County shall direct the Trustee prior to 12:00 p.m. Pacific time on the last Business Day before the date on which a Permitted Investment matures or is redeemed as to the reinvestment of the proceeds thereof. In the absence of such direction, the Trustee shall invest in investments authorized under clause (9) contained in the definition of "Permitted Investments" provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction of the County specifying a specific money market fund and, if no such written direction of the County is so received, the Trustee shall hold such moneys uninvested. The Trustee may rely on the County's certification in such investment instructions that such investments are permitted by law and by any policy guidelines promulgated by the County. Money held in any fund or account under the Trust Agreement may be commingled for purposes of investment only.

The Trustee may, with the prior written approval of the County, purchase from or sell to itself or any affiliate, as principal or agent, investments authorized by this caption "Investments Authorized." Any investments and reinvestments shall be made after giving full consideration to the time at which funds are required to be available under the Trust Agreement and to the highest yield practicably obtainable giving due regard to the safety of such funds and the date upon which such funds will be required for the uses and purposes required by the Trust Agreement. The Trustee or any of its affiliates may act as agent in the making or disposing of any investment and may act as sponsor or advisor with respect to any Permitted Investment.

Reports

The Trustee shall maintain records with respect to each investment, including: (i) purchase date, (ii) purchase price, (iii) any accrued interest paid, (iv) face amount, (v) coupon rate, (vi) periodicity of interest payments, (vii) disposition price, (viii) any accrued interest received, and (ix) disposition date. The Trustee shall furnish to the County a report of all investments made by the Trustee and of all amounts on deposit in each fund and account maintained under the Trust Agreement no less frequently than monthly. All reports shall be delivered to the County within ten (10) business days following the close of each calendar month. The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the County periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

Valuation and Disposition of Investments

For the purpose of determining the amount in any fund or account under the Trust Agreement, all Permitted Investments shall be valued at the market value thereof not later than July 1 of each year. With the prior written approval of the County, the Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account under the Trust Agreement, and the Trustee shall not be liable or responsible for any loss resulting from such investment or sale, except any loss resulting from its own negligence or willful misconduct.

Application of Investment Earnings

Investments in any Fund or Account shall be deemed at all times to be a part of such Fund or Account, and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. Interest earnings on investments in any Fund or Account shall be deposited in the Bond Interest Account of the Revenue Fund.

Discharge of Series 2018 Bonds; Release of Trust Agreement

The Series 2018 Bonds or portions thereof (such portions to be in an Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be entitled to the benefits of the Trust Agreement except for the purposes of payment from moneys, Federal Securities or Pre-refunded Municipals. When all Series 2018 Bonds which have been issued under the Trust Agreement have been paid in full or are deemed to have been paid in full, and all other sums payable under the Trust Agreement by the County, including all necessary and proper fees, compensation and expenses of the Trustee, have been paid or are duly provided for, then the Trustee shall cancel, discharge and release the Trust Agreement, shall execute, acknowledge and deliver to the County such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and such satisfaction and discharge and shall assign and deliver to the County any amounts at the time subject to the Trust Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee for the payment of the principal of, premium, if any, and interest on the Series 2018 Bonds.

Series 2018 Bonds Deemed Paid

(a) A Series 2018 Bonds shall be deemed to be paid within the meaning of the terms of the Trust Agreement and for all purposes of the Trust Agreement when (i) payment with respect thereto of the principal, interest and premium, if any, either (1) shall have been made or caused to be made in accordance with the terms of the Series 2018 Bonds and the Trust Agreement or (2) shall have been provided for, as certified to the Trustee by a report of an independent firm of nationally recognized certificated public accountants (a "Verification Report"), by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment Defeasance Obligations, and (ii) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Series 2018 Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Series 2018 Bonds shall be deemed to be paid under the Trust Agreement, such Series 2018 Bonds shall no longer be secured by or entitled to the benefits of the Trust Agreement, except for the purposes of payment from such Defeasance Obligations.

(b) Notwithstanding the foregoing paragraph, no deposit under clause (i)(2) of the immediately preceding paragraph shall be deemed a payment of such Series 2018 Bonds until (i) proper notice of redemption of such Series 2018 Bonds shall have been given in accordance with the Trust Agreement, or in the event such Series 2018 Bonds are not to be redeemed within the next succeeding 60 days, until the County shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Series 2018 Bonds in accordance with the Trust Agreement, that the deposit required by clause (i)(2) above has been made with the Trustee and that such Series 2018 Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, premium, if any, and unpaid interest on such Series 2018 Bonds; or (ii) the maturity of such Series 2018 Bonds.

Events of Default

Each of the following events shall constitute and is referred to in the Trust Agreement as an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Series 2018 Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Series 2018 Bonds when such interest shall become due and payable;

(c) a failure by the County to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a) and (b) of above) contained in the Series 2018 Bonds or in the Trust Agreement on the part of the County to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the County by the Trustee; provided, however, that the Trustee shall be deemed to have agreed to an extension of such period if corrective action is initiated by the County within such period and is being diligently pursued; or

(d) if the County files a petition in voluntary bankruptcy, for the composition of its affairs or for its reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself.

Remedies

(a) Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion shall upon the written direction of the holders of a majority of the aggregate principal amount of the Series 2018 Bonds then Outstanding and receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders under the Trust Agreement, as the case may be, and require the County to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Government Code or any other law to which it is

subject and the Trust Agreement; provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Trust Agreement;

(2) bring suit upon the defaulted Series 2018 Bonds;

(3) commence an action or suit in equity to require the County to account as if it were the trustee of an express trust for the Bondholders; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders under the Trust Agreement.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has, except for a payment default under paragraph (a) under the caption "Events of Default" above or (b), received written notice of the occurrence of such Event of Default.

Restoration to Former Position

In the event that any proceeding taken by the Trustee to enforce any right under the Trust Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the County, the Trustee and the Bondholders shall be restored to their former positions and rights under the Trust Agreement, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Bondholders' Right to Direct Proceedings on their Behalf

Anything in the Trust Agreement to the contrary notwithstanding, holders of a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings on their behalf available to the Trustee under the Trust Agreement to be taken in connection with the enforcement of the terms of the Trust Agreement or exercising any trust or power conferred on the Trustee by the Trust Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the Government Code and the Trust Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee; provided further that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitation on Bondholders' Rights to Institute Proceedings

No Bondholder of any Series 2018 Bonds shall have the right to institute any suit, action or proceeding at law in equity, for the protection or enforcement of any right or remedy under the Trust Agreement, or applicable law with respect to such Series 2018 Bonds, unless (a) such Bondholder shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Bondholders of not less than a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers heretofore granted or to institute such suit, action or proceeding in its own name; (c) such

Bondholder or said Bondholders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or failed to comply with such request for a period of 60 days after such written request shall have been received by and said tender of indemnity shall have been made to, the Trustee and (e) the Trustee shall not have received contrary directions from the Bondholders of a majority in the aggregate principal amount of the Series 2018 Bonds then Outstanding.

No Impairment of Right to Enforce Payment

Notwithstanding any other provision in the Trust Agreement, the right of any Bondholder to receive payment of the principal of and interest on such registered Bondholder's Series 2018 Bonds, on or after the respective due dates expressed therein, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Proceedings by Trustee Without Possession of Series 2018 Bonds

All rights of action under the Trust Agreement or under any of the Series 2018 Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Series 2018 Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Bondholders, as the case may be, subject to the provisions of the Trust Agreement.

No Remedy Exclusive

No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth in the Trust Agreement to the taking of any remedy to enforce the provisions of the Trust Agreement or the Series 2018 Bonds shall also be conditions to seeking any remedies under any of the foregoing pursuant to this provision of the Trust Agreement.

No Waiver of Remedies

No delay or omission of the Trustee or of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein and every power and remedy given by the Trust Agreement to the Trustee and to the Bondholders, respectively, may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys

(a) Any moneys received by the Trustee for the benefit of Bondholders, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Trust Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the reasonable fees, expenses, liabilities and advances incurred or made by the Trustee (including without limitation reasonable fees and reasonable expenses of its attorneys), incurred in and about the performance of its powers and duties under the Trust Agreement, shall be deposited in the Revenue Fund and all moneys so deposited in the Revenue Fund during the continuance of an Event of Default shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Series 2018 Bonds, with interest on overdue installments, if lawful, at the rate per annum borne by the Series 2018 Bonds, as the case may be, in the order of maturity of the installments of such interest (if the amount available for such interest installments shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment), and if the amount available for such interest shall not be sufficient to make payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Series 2018 Bonds which shall have become due with interest on such Series 2018 Bonds at their respective rate or yield from the respective dates upon which they became due (if the amount available for such unpaid principal and interest shall not be sufficient to pay in full Series 2018 Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege among holders of Series 2018 Bonds), and, if the amount available for such principal and interest shall not be sufficient to make full payment thereof, then to the payment thereof ratably according to the respective aggregate amounts due.

(b) Whenever moneys are to be applied pursuant to the provisions described above, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Bondholders and shall not be required to make payment to any Bondholder until such Series 2018 Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Severability of Remedies

It is the purpose and intention of the Trust Agreement to provide rights and remedies to the Trustee and the Bondholders which may be lawfully granted under the provisions of applicable law, but should any right or remedy in the Trust Agreement granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in the Trust Agreement and by applicable law.

Additional Events of Default and Remedies

So long as any Series 2018 Bonds are Outstanding, the Events of Default and remedies as set forth in the Trust Agreement may be supplemented with additional Events of Default and remedies as set forth from time to time in a supplemental agreement.

Duties of Trustee

(a) The Trustee shall hold all sums held by it for the payment of the principal of, and premium or interest on, Series 2018 Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as in the Trust Agreement provided;

(b) The Trustee shall serve as bond registrar and keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the County at all reasonable times.

(c) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(d) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in the Trust Agreement and no others; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Trust Agreement. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the procedural requirements of the Trust Agreement.

(e) The Trustee may not be relieved from liability for its own negligence or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) above;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless the Trustee was negligent in ascertaining the pertinent facts or exercising its judgment;

(iii) the Trustee shall not be liable with respect to any action it takes or fails to take in good faith in accordance with a direction received by it from Bondholders or the County in the manner provided in the Trust Agreement; and

(iv) no provision of the Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement or in the exercise of any of its rights or powers if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) Every provision of the Trust Agreement that in any way relates to the Trustee is subject to all the provisions described in the paragraphs under this caption.

(g) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity reasonably satisfactory to it against any loss, liability, or expense.

(h) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree in writing with the County.

Rights of Trustee

(a) The recitals of facts contained in the Trust Agreement and in the Series 2018 Bonds shall be taken as statements of the County, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on each Series 2018 Bond), and makes no representations as to the validity or sufficiency of the Trust Agreement or of the Series 2018 Bonds or of any Permitted Investment and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly assigned to or imposed upon it in the Trust Agreement or in the Series 2018 Bonds. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Series 2018 Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement, except for its own negligence, or willful misconduct. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Series 2018 Bonds and may join in any action which any Bondholder of a Series 2018 Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under the Trust Agreement.

(b) The Trustee may execute any of the trusts or powers of the Trust Agreement and perform the duties required of it under the Trust Agreement by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement, and the opinion of such counsel shall be authorization for any action taken or not taken in reliance on such opinion, and the Trustee shall not be responsible for the negligence or misconduct of any such attorney, agent or receiver selected by it with due care.

(c) No permissive power, right or remedy conferred upon the Trustee under the Trust Agreement shall be construed to impose a duty to exercise such power, right or remedy.

(d) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the County, personally or by agent or attorney.

(e) The Trustee shall not be responsible for the application or handling by the County of any moneys transferred to or pursuant to any requisition or request of the County in accordance with the terms and conditions of the Trust Agreement.

(f) Whether or not therein expressly so provided, every provision of the Trust Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Trust Agreement.

(g) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(h) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Trust Agreement and delivered using Electronic Means (as hereinafter defined); provided, however, that the County shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the County whenever a person is to be added or deleted from the listing. If the County elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The County understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The County shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the County and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the County. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent, provided, however, that in the case of conflicting or inconsistent Instructions, the Trustee shall rely upon later Instructions unless it has already complied with prior conflicting or inconsistent Instructions. The County agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the County; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Trust Agreement.

(i) The Trustee shall not be liable to the parties hereto or deemed in breach or default under the Trust Agreement if and to the extent its performance under the Trust Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. “force majeure” shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, or other similar occurrences.

(j) Whenever in the administration of the trusts imposed upon it by the Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be in the Trust Agreement specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Trust Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(k) The Trustee shall not be deemed to have knowledge of any event of default of the type described in paragraphs (c) and (d) under the caption "Events of Default" unless and until it shall have actual knowledge thereof by receipt of written notice thereof at the Principal Office of the Trustee.

(l) Each requisition of the County shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Individual Rights of Trustee

The Trustee in its individual or any other capacity may become the Bondholder or pledgee of Series 2018 Bonds and may otherwise deal with the County with the same rights it would have if it were not Trustee.

Trustee's Disclaimer

The Trustee makes no representations as to the validity or adequacy of the Trust Agreement or the Series 2018 Bonds, it shall not be accountable for the County's use of the proceeds from the Series 2018 Bonds paid to the County and it shall not be responsible for any statement in any official statement or other disclosure document or in the Series 2018 Bonds other than its certificate of authentication.

Notice of Defaults

If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is actually known to the Trustee, the Trustee shall mail to each Bondholder notice of the event within 90 days after it occurs. Except in the case of a default in payment or purchase on any Series 2018 Bonds, the Trustee may withhold the notice to Bondholders if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Bondholders.

Compensation of Trustee

(a) The County shall from time to time, but only in accordance with a written agreement in effect with the Trustee, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its reasonable advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties under the Trust Agreement. The Trustee shall not otherwise have any claims or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established under the Trust Agreement, but may take whatever legal actions are lawfully available to it directly against the County. The agreement contained in this paragraph shall survive the payment of the Series 2018 Bonds, the discharge of the Trust Agreement and the appointment of a successor trustee.

(b) Notwithstanding the provisions described above in paragraph (a), the County has no obligation to pay the Trustee compensation for its services (exclusive of advances and expenditures) in excess of $7,500.00 in any Fiscal Year, except in accordance with a written agreement, signed by the County, expressly waiving the provisions described in this paragraph (b). The limitation described in this paragraph will not apply after the occurrence and during the continuation of an Event of Default.

Eligibility of Trustee

The Trust Agreement shall always have a Trustee that is a trust company, national banking association or a bank having trust powers and is organized and doing business under the laws of the United States or any state or the District of Columbia, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Trustee

(a) The Trustee may resign as trustee under the Trust Agreement by notifying the County in writing prior to the proposed effective date of the resignation. The holders of a majority in the aggregate principal amount of the Series 2018 Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the County's consent. The County may remove the Trustee, by notice in writing delivered to the Trustee 30 days prior to the proposed removal date; provided, however, that the County shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing unless (i) the Trustee fails to comply with the provisions described above under the caption "Eligibility of the Trustee", (ii) the Trustee is adjudged a bankrupt or an insolvent, (iii) the Trustee otherwise becomes incapable of acting or (iv) the County determines that the Trustee's services are no longer satisfactory to the County. No resignation or removal of the Trustee under this paragraph shall be effective until a new Trustee has taken office. If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Trust Agreement, the County shall promptly appoint a successor Trustee.

(b) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the County. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective and the successor Trustee shall have all the rights, powers and duties of the Trustee under the Trust Agreement. If a Trustee is not performing its duties under the Trust Agreement or a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the County delivers notice of removal, the retiring Trustee, the County or the holders of a majority in the aggregate principal amount of the Series 2018 Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Successor Trustee or Agent by Merger

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust business) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Other Agents

The County or the Trustee may from time to time appoint other agents to perform duties and obligations under the Trust Agreement which agents may include, but not be limited to, authenticating agents all as provided by resolution of the County.

Several Capacities

Anything in the Trust Agreement to the contrary notwithstanding, the same entity may serve under the Trust Agreement as the Trustee and any other agent as appointed to perform duties or obligations under the Trust Agreement or an escrow instructions, or in any combination of such capacities, to the extent permitted by law.

Accounting Records and Reports of Trustee

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Series 2018 Bonds and all Funds and Accounts established pursuant to the Trust Agreement and held by the Trustee. Such books of record and account shall be available for inspection by the County at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish to the County and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost), on an annual basis (or, with respect to the County, such other interval that the County may request), a complete financial statement (which may be its regular account statements and which need not be audited) covering receipts, disbursements, allocation and application of moneys in any of the funds and accounts established pursuant to the Trust Agreement for the preceding year.

No Remedy Exclusive

No remedy in the Trust Agreement conferred upon or reserved to the County is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Trust Agreement, or now or hereafter existing at law or in equity or by statute.

Amendments and Supplements

The Trust Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Series 2018 Bonds except as provided in and in accordance with and subject to the provisions of the Trust Agreement.

Supplemental Agreements Not Requiring Consent of Bondholders

(a) The County may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver supplemental agreements supplementing and/or amending the Trust Agreement as follows:

(i) to cure any formal defect, omission, inconsistency or ambiguity in the Trust Agreement;

(ii) to add to the covenants and agreements of the County in the Trust Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the County, and which shall not adversely affect the interests of the Bondholders;

(iii) to confirm, as further assurance, any interest of the Trustee in and to the Funds and Accounts held by the Trustee or in and to any other moneys, securities or funds of the County provided pursuant to the Trust Agreement or to otherwise add security for the Bondholders;

(iv) to comply with the requirements of the Trust Agreement Act of 1939, as from time to time amended;

(v) to modify, alter, amend or supplement the Trust Agreement in any other respect which, in the judgment of the County, is not materially adverse to the Bondholders;

(vi) to qualify the Series 2018 Bonds for a rating or ratings by any Rating Agency;

(vii) to authorize the issuance of Additional Bonds in accordance with the Trust Agreement.

(b) Before the County or Trustee shall, pursuant to the provisions described above, execute any supplemental agreement there shall have been delivered to the County and the Trustee an opinion of Bond Counsel to the effect that such supplemental agreement (i) is authorized or permitted by the Trust Agreement and the Government Code, and (ii) will, upon the execution and delivery thereof, be valid and binding upon the County enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles).

Supplemental Agreement Requiring Consent of Bondholders

(a) Except for any supplemental agreement entered into pursuant to the provisions described under the caption "Supplemental Agreements Not Requiring Consent of Bondholders", the holders of not less than a majority in the aggregate principal amount of the Series 2018 Bonds

Outstanding shall have the right from time to time to consent to and approve the execution by the County of any supplemental agreement deemed necessary or desirable by the County for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement or in a supplemental agreement; provided, however, that, unless approved in writing by the holders of all the Series 2018 Bonds then Outstanding, nothing contained in the Trust Agreement shall permit or be construed as permitting (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Series 2018 Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Series 2018 Bonds or the rate of interest thereon; and provided that nothing contained in the Trust Agreement, including the provisions of paragraph (b) below, shall, unless approved in writing by the holders of all the Series 2018 Bonds then Outstanding, permit or be construed as permitting (1) a preference or priority of any Series 2018 Bonds or Series 2018 Bonds over any other Series 2018 Bonds or Series 2018 Bonds or (2) a reduction in the aggregate principal amount of Series 2018 Bonds the consent of the Bondholders of which is required for any such supplemental agreement. Nothing in the Trust Agreement contained, however, shall be construed as making necessary the approval by Bondholders of the execution of any supplemental agreement as authorized under the Trust Agreement.

(b) If at any time the County shall desire to enter into any supplemental agreement for any of the purposes described above under the caption "Supplemental Agreement Requiring Consent of Bondholders," the County shall cause notice of the proposed execution of the supplemental agreement to be given to all Bondholders. Such notice shall briefly set forth the nature of the proposed supplemental agreement and state that a copy thereof is on file at the office of the County for inspection by all Bondholders.

(c) Within five (5) Business Days after providing such notice, the County may execute and deliver such supplemental agreement in substantially the form described in such notice, but only if there shall have first been delivered to the County (i) the required consents, in writing, of Bondholders and (ii) an opinion of Bond Counsel stating that such supplemental agreement is authorized or permitted by the Trust Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the County enforceable in accordance with its terms.

(d) If Bondholders of not less than the percentage of Series 2018 Bonds required as described above under the caption "Supplemental Agreement Requiring Consent of Bondholders" shall have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, no Bondholders shall have any right to object to the adoption of such supplemental agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the County from executing the same or from taking any action pursuant to the provisions thereof.

Effect of Supplemental Agreements

Upon execution and delivery of any supplemental agreement pursuant to the provisions of the Trust Agreement, the Trust Agreement and all supplemental agreements shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement and all supplemental agreements of the County, the Trustee and all Bondholders shall thereafter be determined, exercised and enforced under the Trust Agreement and all supplemental agreements, subject in all respects to such modifications and amendments.

Supplemental Agreements to be Part of the Trust Agreement

Any supplemental agreement adopted in accordance with the provisions of the Trust Agreement shall thereafter form a part of the Trust Agreement or the supplemental agreement which they supplement or amend, and all of the terms and conditions contained in any such supplemental agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of the Trust Agreement which they supplement or amend for any and all purposes.

No Personal Liability of County Officials; Limited Liability of County to Bondholders

(a) No covenant or agreement contained in the Series 2018 Bonds or in the Trust Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the County in his individual capacity, and neither the members of the Board of Supervisors of the County nor any person executing the Series 2018 Bonds shall be liable personally on the Series 2018 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) Except for the payment when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in the Trust Agreement, the County shall not have any obligation or liability to the Bondholders with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Series 2018 Bonds or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in the Trust Agreement.

Governing Law; Venue

The Trust Agreement shall be interpreted, governed, and enforced in accordance with the laws of the State of California. If any party to the Trust Agreement initiates any legal or equitable action to enforce the terms of the Trust Agreement, to declare the rights of the parties under the Trust Agreement or which relates to the Trust Agreement in any manner, each such party agrees that the place of making and for performance of the Trust Agreement shall be Tulare County, State of California, and the proper venue for any such action shall be the Superior Court of the State of California, in and for the County of Tulare, unless the amount in controversy falls below the jurisdiction of the Superior Court, in which case the proper venue of any such action is the Tulare Municipal Court.

Holidays

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Trust Agreement, shall not be a Business Day, such payment may, unless otherwise provided in the Trust Agreement be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Trust Agreement, and no interest shall accrue for the period from and after such nominal date.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

PROPOSED FORM OF BOND COUNSEL APPROVING OPINION

Upon the delivery of the Series 2018 Bonds of the County of Tulare, Hawkins Delafield &Wood LLP, Bond Counsel to the County, proposes to deliver its approving opinion in substantially the following form:

County of Tulare
Visalia, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Tulare (the "County") in connection with the issuance of its $[Principal Amount] aggregate principal amount of the Taxable Pension Obligation Bonds, Series 2018 (the "Series 2018 Bonds"). The Series 2018 Bonds are issued pursuant to the Articles 10 and 11 of Chapter 3, Division 2, Title 5 of the Government Code of the State of California, the Trust Agreement dated as of June 1, 2018 (the "Trust Agreement") by and between the County and [Trustee], as trustee (the "Trustee") and a Resolution adopted by the Board of Supervisors of the County on April 24, 2018 (the "Resolution").

We have examined originals, or copies identified to our satisfaction as being true copies, of such records of the County, certificates and other assurances from public officials and officers, an opinion of counsel to the County and such other documents, opinions and matters as we have considered necessary or appropriate under the circumstances to render this opinion. We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals. Further, in rendering the opinions expressed herein, we have relied on the default judgment entered on August 9, 1996 in the action entitled *County of Tulare v. All Persons Interested et al*., No. 96-174828.

Based on the foregoing, we are of the opinion that:

(1) The Series 2018 Bonds have been duly authorized and issued by the County and constitute valid and binding obligations of the County, and are payable from all lawfully available funds of the County, not limited to any special source of funds, as provided in the Trust Agreement.

(2) The Trust Agreement has been duly authorized, executed and delivered by, and (assuming due authorization and execution thereof by the Trustee), constitutes the valid and binding obligation of, the County enforceable against the County according to its terms. Upon the issuance and authentication of the Series 2018 Bonds, the Series 2018 Bonds will be entitled to the benefits of the Trust Agreement.

(3) The Series 2018 Bonds do not constitute a debt of the County or the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State of California has levied or pledged any form of taxation. The Series 2018 Bonds are not a debt of the State, and the State is not liable for the payment thereof.

(4) Interest on the Series 2018 Bonds (i) is not excluded from gross income for United States Federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of California. We express no opinion regarding other Federal, State or local tax consequences with respect to the Bonds.

We express no opinion regarding any other federal or state tax consequences with respect to the Series 2018 Bonds. We render our opinions under existing statutes and court decisions as of the issue date, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. This letter is furnished by us as Bond Counsel and is solely for your benefit and it is not to be used, circulated, quoted, or otherwise referred to for any purposes other than the issuance and delivery of the Series 2018 Bonds and may not be relied upon by any other person or entity without our express written permission, except that references may be made to it in any list of closing documents pertaining to the issuance and delivery of the Series 2018 Bonds.

The foregoing opinions are qualified to the extent that the enforceability of the Trust Agreement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law).

Very truly yours,

APPENDIX F

FORM OF DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Tulare, California (the "County") in connection with the issuance of Taxable Pension Obligation Bonds, Series 2018 (the "Bonds"). The Bonds will be issued pursuant to a Trust Agreement, dated as of June 1, 2018 (the "Trust Agreement") by and between the County and U.S. Bank, National Association, as trustee for the Bonds (the "Trustee"). In connection therewith the County covenants and agrees as follows:

SECTION 1. <u>Purpose of this Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule (hereinafter defined).

SECTION 2. <u>Definitions</u>. 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, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic System designated by the MSRB.

"Listed Event" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Effective July 1, 2010, the Repository approved by the Securities and Exchange Commission is the Municipal Securities Rulemaking Board through its EMMA site.

"Rule" shall mean Rule 15c2-l2(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"State" shall mean the State of California.

"Participating Underwriters" shall mean the original Underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The County shall, not later than the [April 15^{th}] after the end of the County's Fiscal Year (presently June 30), commencing with the report for the 2017-18 Fiscal Year, provide to the Repository, in an electronic format and accompanied by identifying information all as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) If the County is unable to provide to the Repository an Annual Report by the date required in subsection (a), the County shall send to the Municipal Securities Rulemaking Board and to the Repository in a timely manner a notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the prior Fiscal Year, 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; provided, that if the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An annual updating (to reflect the most recently completed fiscal year) of the information of the type set forth in the Official Statement for the Bonds, dated ______ __, 2018:

1. Table 1 - General Fund Adopted Annual Budgets

2. Table 2 - Statement Of General Fund Revenues, Expenditures And Changes In Fund Balances

3. Table 3 - General Fund Balance Sheets

4. Table 5 - Equalized Roll Assessed Value Of Taxable Property

5. Table 11 - Employment

6. Table 16 - Tulare County Employees' Retirement Association Schedule Of Funding Progress

7. Table 17 - Tulare County Employees' Retirement Association Asset Value Comparison

8. Table 18 - County Of Tulare Net Pension Liability

9. Table 19 - County Of Tulare Annual Contribution To Retirement Plans

10. Table 22 - County Of Tulare OPEB Plan Schedule Of Funding Progress

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 County or related public entities, which have been submitted to the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Bonds calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (b), the County shall determine if such event would be material under applicable federal securities laws.

(d) If the County determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the County shall file a notice of such occurrence with the Repository in a timely manner not more than ten (10) business days after the event.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds, or (b) if, in the opinion of nationally recognized bond counsel, the County ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as 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 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County 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 County 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 County 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 9. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Participating Underwriter or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County 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 County to comply with this Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: June __, 2018.

County of Tulare

By____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligated Person: County of Tulare

Name of Issue: $________ Taxable Pension Obligation Bonds, Series 2018

Date of Issuance: June ___, 2018

NOTICE IS HEREBY GIVEN that the County of Tulare (the "County") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the County on June __, 2018. The County anticipates that the Annual Report will be filed by ___________.

Dated: ___________

County of Tulare

By____
Authorized Representative

Attachment 8

Agreement for Financial Advisory Services
with KNN Public Finance, LLC

TULARE COUNTY AGREEMENT NO. ________________

AGREEMENT FOR FINANCIAL ADVISORY SERVICES

THIS AGREEMENT is entered into on this 24th day of April, 2018, between the COUNTY OF TULARE, referred to as COUNTY, and KNN PUBLIC FINANCE, LLC, referred to as CONTRACTOR, with reference to providing financial advisory services in connection with the issuance of the County of Tulare Taxable Pension Obligation Bonds, Series 2018 (the "BONDS").

ACCORDINGLY, IT IS AGREED:

1. TERM: This Agreement shall become effective on the date first above written and shall expire on **June 30, 2019,** unless otherwise terminated as provided in this Agreement.

2. SERVICES: CONTRACTOR agrees to provide transactional financial advisory services as requested by the COUNTY per attached **EXHIBIT A.**

3. PAYMENT FOR SERVICES: It is mutually agreed that the COUNTY shall pay CONTRACTOR no more than a total of **ONE HUNDRED AND SIXTY THREE THOUSAND AND 00/100 DOLLARS ($163,000.00)** for all services rendered under this agreement, consisting of a fixed transaction fee of $160,000.00 and not-to-exceed actual expenses of $3,000.00. Payment of the transaction fee shall be contingent on the successful close of the financing; however, should the County elect not to proceed with the financing, CONTRACTOR shall be reimbursed for actual time and costs, based on KNN's standard hourly rates, not to exceed a total of $80,000.00. See **EXHIBIT B** for MSRB disclosures regarding contingent fees.

Contractor shall be paid reimbursable expenses not to exceed $3,000, including the following: actual out-of-pocket travel expenses, color copying, outside printing and copying, conference calls, and outside sources of data. Included in these expenses is a $550 data charge for access to Bloomberg, TM3 and DBC subscription services.

Expenses for other services or materials not herein listed are neither authorized nor reimbursable. CONTRACTOR shall submit for COUNTY approval a detailed invoice describing the work performed. All payments under this Agreement shall be made in accordance with the COUNTY'S normal payment cycle. CONTRACTOR will not charge, and COUNTY will not pay, any late fee or other late payment penalty.

4. COMPLIANCE WITH LAW: CONTRACTOR shall provide services in accordance with applicable federal, state, and local laws, regulations and directives. With respect to CONTRACTOR'S employees, CONTRACTOR shall comply with all laws and regulations pertaining to wages and hours, state and federal income tax, unemployment insurance, Social Security, disability insurance, workers' compensation insurance, and discrimination in employment.

5. RECORDS AND AUDIT: CONTRACTOR shall maintain complete and accurate records with respect to the services rendered and the costs incurred under this Agreement. In addition, CONTRACTOR shall maintain complete and accurate records with respect to any payments to employees or sub-contractors. All such records shall be prepared in accordance with generally accepted accounting procedures, shall be clearly identified and shall be kept readily accessible. Upon request, CONTRACTOR shall make such records available within

Tulare County to the Auditor of Tulare County and to his agents and representatives, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of final payment under this Agreement.

6. INSURANCE: Prior to approval of this agreement by the COUNTY, CONTRACTOR shall file with the (Department, Board of Supervisors etc.), evidence of the insurance as set forth in **EXHIBIT C** attached, which outlines the minimum scope, specifications and limits of insurance required under this Agreement. Additional insured endorsements required as outlined in **EXHIBIT C** shall not be used to reduce limits available to COUNTY as an additional insured from the CONTRACTOR'S full policy limits. Insurance policies shall not be used to limit liability or to limit the indemnification provisions and requirements of this Agreement or act in any way to reduce the policy coverage and limits available from the insurer(s). Failure to maintain or renew coverage, or to provide evidence of renewal, may be considered a material breach of this Agreement.

7. INDEPENDENT CONTRACTOR STATUS:

a. This Agreement is entered into by both parties with the express understanding that CONTRACTOR will perform all services required under this Agreement as an independent contractor. Nothing in this Agreement shall be construed to constitute the CONTRACTOR or any of its agents, employees, or officers as an agent, employee, or officer of COUNTY.

b. CONTRACTOR agrees to advise everyone it assigns or hires to perform any duty under this Agreement that they are not employees of COUNTY. Subject to any performance criteria contained in this Agreement, CONTRACTOR shall be solely responsible for determining the means and methods of performing the specified services and COUNTY shall have no right to control or exercise any supervision over CONTRACTOR as to how the services will be performed. As CONTRACTOR is not COUNTY'S employee, CONTRACTOR is responsible for paying all required state and federal taxes. In particular, COUNTY will not:

i. Withhold FICA (Social Security) from CONTRACTOR'S payments.

ii. Make state or federal unemployment insurance contributions on CONTRACTOR'S behalf.

iii. Withhold state or federal income tax from payments to CONTRACTOR.

iv. Make disability insurance contributions on behalf of CONTRACTOR.

v. Obtain unemployment compensation insurance on behalf of CONTRACTOR.

c. Notwithstanding this independent CONTRACTOR relationship, COUNTY shall have the right to monitor and evaluate the performance of CONTRACTOR to assure compliance with this Agreement.

8. INDEMNIFICATION: CONTRACTOR shall hold harmless, defend and indemnify COUNTY, its agents, officers and employees from and against any liability, claims, actions, costs, damages or losses of any kind, including death or injury to any person and/or damage to property, including COUNTY property, arising from, or in connection with, the performance by CONTRACTOR or its agents, officers and employees under this Agreement. This indemnification specifically includes any claims that may be made against COUNTY by any taxing authority asserting that an employer-employee relationship exists by reason of this Agreement, and any claims made against COUNTY alleging civil rights violations by CONTRACTOR under Government Code Sections 12920 et seq. (California Fair Employment and Housing Act), and any fines or penalties imposed on COUNTY for CONTRACTOR'S failure to provide form DE-542, when applicable. This indemnification obligation shall continue beyond the term of this Agreement as to any acts or omissions occurring under this Agreement or any extension of this Agreement.

9. CONFLICT OF INTEREST:

a. CONTRACTOR agrees to comply at all times in performance of this Agreement with the law of the State of California regarding conflicts of interests or appearance of conflicts of interests, including, but not limited to Government Code Section 1090 *et seq.,* and the Political Reform Act, Government Code Section 81000 et seq. and regulations promulgated pursuant thereto by the California Fair Political Practices Commission. The statutes, regulations and laws previously referenced include, but are not limited to, prohibitions against any public officer or employee, including CONTRACTOR for this purpose, from the making of any decision on behalf of COUNTY in which such officer, employee or contractor has a direct or indirect financial interest. A violation can occur if the public officer, employee, or contractor participates in or influences any COUNTY decision which has the potential to confer any pecuniary benefit on CONTRACTOR or any business firm in which CONTRACTOR has an interest, with certain narrow exceptions.

b. CONTRACTOR agrees that if any facts come to CONTRACTOR's attention which raises any questions as to the applicability of conflicts of interest laws, it will immediately inform the COUNTY's designated representative and provide all information needed for resolution of this question.

10. TERMINATION:

a. The right to terminate this Agreement under this section may be exercised without prejudice to any other right or remedy to which the terminating party may be entitled at law or under this Agreement.

i. Without Cause: COUNTY will have the right to terminate this Agreement without cause by giving thirty (30) days prior written notice of intention to terminate pursuant to this provision, specifying the date of termination. COUNTY will pay to the CONTRACTOR the compensation earned for work performed and not previously paid for to the date of termination. COUNTY will not pay lost anticipated profits or other economic loss. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of any and all plans, specifications and estimates, and other documents prepared by CONTRACTOR in accordance with this Agreement. No sanctions will be imposed.

ii. With Cause: This Agreement may be terminated by either party should the other party:

(a) be adjudged a bankrupt, or
(b) become insolvent or have a receiver appointed, or
(c) make a general assignment for the benefit of creditors, or
(d) suffer any judgment which remains unsatisfied for 30 days, and which would substantively impair the ability of the judgment debtor to perform under this Agreement, or
(e) Materially breach this Agreement.

For any of these occurrences except item (e), termination may be effected upon written notice by the terminating party specifying the date of the termination. Upon a material breach, the Agreement may be terminated following the failure of the defaulting party to remedy the breach to the satisfaction of the non-defaulting party within FIVE (5) days of receiving written notice specifying the breach. If the breach is not remedied within that FIVE (5) day period, the non-defaulting party may terminate the agreement on further written notice specifying the date of termination. If the nature of the breach is such that it cannot be cured within a 5 day period, the defaulting party may, submit a written proposal within that period which sets forth a specific means to resolve the default. If the non-defaulting party consents to that proposal in writing, which consent shall not be unreasonably withheld, the defaulting party shall immediately embark on its plan to cure. If the default is not cured within the time agreed, the non-defaulting party may terminate upon written notice specifying the date of termination. COUNTY will pay to the CONTRACTOR the compensation earned for work performed and not previously paid for to the date of termination. COUNTY will not pay lost anticipated profits or other economic loss, nor will the COUNTY pay compensation or make reimbursement to cure a breach arising out of or resulting from such termination. If the expense of finishing the CONTRACTOR's scope of work exceeds the unpaid balance of the agreement, the CONTRACTOR must pay the difference to the COUNTY. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of any and all plans, specifications and estimates, and other documents prepared by CONTRACTOR by the date of termination in accordance with this Agreement. Sanctions taken will be possible rejection of future proposals based on specific causes of non-performance.

b. Effects of Termination: Expiration or termination of this Agreement shall not terminate any obligations to indemnify, to maintain, and make available any records pertaining to the Agreement, to cooperate with any audit. to be subject to offset, or to make any reports of pre-termination contract activities. Where CONTRACTOR'S services have been terminated by the COUNTY, said termination will not affect any rights of the COUNTY to recover damages against the CONTRACTOR.

c. Suspension of Performance: Independent of any right to terminate this Agreement, the authorized representative of COUNTY for which CONTRACTOR'S services are to be performed, may immediately suspend performance by CONTRACTOR, in whole or in part, in response to any health, safety or financial emergency, or a failure or refusal by CONTRACTOR to comply with the provisions of this Agreement, until such time as the cause for suspension is resolved, or a notice of termination becomes effective.

11. LOSS OF FUNDING: It is understood and agreed that if the funding is either discontinued or reduced for this project for the COUNTY, that the COUNTY shall have the right to terminate this Agreement. In such event, the COUNTY shall provide CONTRACTOR with at least thirty (30) days prior written notice of such termination.

12. ENTIRE AGREEMENT REPRESENTED: This Agreement represents the entire agreement between CONTRACTOR and COUNTY as to its subject matter and no prior oral or written understanding shall be of any force or effect. No part of this Agreement may be modified without the written consent of both parties.

13. HEADINGS: Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning, or intent of the provisions under the headings.

14. NOTICES:

a. Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:	**CONTRACTOR:**
County of Tulare County Administrative Office 2800 W. Burrel Ave., Suite B-1 Visalia, CA 93291	KNN Public Finance, LLC Attn: David Leifer 1300 Clay Street, Suite 1000 Oakland, CA 94612
Phone No.: (559) 636-5005	Phone No.: (510) 839-8200 Email: dleifer@knninc.com

b. Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail shall be deemed received on the fifth day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

15. CONSTRUCTION: This Agreement reflects the contributions of both parties and accordingly the provisions of Civil Code Section 1654 shall not apply to address and interpret any uncertainty or ambiguity.

16. NO THIRD PARTY BENEFICIARIES INTENDED: Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

17. GOVERNING LAW: This Agreement shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. The parties agree that this contract is made in and shall be performed in Tulare County California.

18. WAIVERS: The failure of either party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other party.

19. EXHIBITS AND RECITALS: The Recitals and the Exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement, including **EXHIBIT B**, MSRB Disclosures. However, it is hereby mutually agreed and understood that, should any of the provisions of the Exhibits and Recitals attached to this Agreement be contrary to any of the paragraph provisions of this Agreement, the paragraph provisions of this Agreement shall control and supersede the provisions of the Exhibits and Recitals.

20. CONFLICT WITH LAWS OR REGULATIONS/SEVERABILITY: This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement shall continue in full force and effect.

21. FURTHER ASSURANCES: Each party will execute any additional documents and perform any further acts which may be reasonably required to affect the purposes of this Agreement.

22. ASSURANCES OF NON-DISCRIMINATION: CONTRACTOR shall not discriminate in employment or in the provision of services on the basis of any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation.

a. It is recognized that both the CONTRACTOR and the COUNTY have the responsibility to protect County employees and clients from unlawful activities, including discrimination and sexual harassment in the workplace. Accordingly, CONTRACTOR agrees to provide appropriate training to its employees regarding discrimination and sexual harassment issues, and to promptly and appropriately investigate any allegations that any of its employees may have engaged in improper discrimination or harassment activities. The COUNTY, in its sole discretion, has the right to require CONTRACTOR to replace any CONTRACTOR employee who provides services of any kind to COUNTY pursuant to this Agreement with other employees where COUNTY is concerned that COUNTY employees or clients may have been or may be the subjects of discrimination or harassment by said CONTRACTOR employees. The right to require replacement of CONTRACTOR employees as aforesaid shall not preclude COUNTY from terminating this Agreement with or without cause as provided for herein.

23. ASSIGNMENT/SUBCONTRACTING: Unless otherwise provided in this Agreement, COUNTY is relying on the unique skill, expertise, training and experience of CONTRACTOR and CONTRACTOR'S employees and no part of this Agreement may be assigned or subcontracted by CONTRACTOR without the prior written consent of COUNTY.

24. DISPUTE RESOLUTION: If a dispute arises out of or relating to this Agreement, or the breach thereof, and if said dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by non-binding mediation before resorting to litigation or some other dispute resolution procedure, unless the parties mutually agree otherwise. The mediator shall be mutually selected by the parties, but in case of disagreement, the mediator shall be selected by lot from among two nominations provided by each party. All costs and fees required by the mediator shall be split equally by the parties. If mediation fails to resolve the dispute within 30 days, either party may pursue litigation to resolve the dispute.

25. UNEMPLOYMENT INSURANCE COMPLIANCE: CONTRACTOR acknowledges that this Agreement is subject to filing obligations pursuant to Unemployment Insurance Code Section 1088.8. Accordingly, COUNTY has an obligation to file a report with the Employment Development Department, which report will include the CONTRACTOR'S full name, social security number, address, the date this contract was executed, the total amount of the contract, the contract's expiration date, or whether it is ongoing. CONTRACTOR agrees to cooperate with COUNTY to make such information available and to complete DE Form 542. Failure to provide the required information may, at COUNTY'S option, prevent approval of this Agreement, or be grounds for termination by COUNTY.

THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

"COUNTY"	"CONTRACTOR"
COUNTY OF TULARE	KNN PUBLIC FINANCE, LLC
By: ____________________ Michael C. Spata, County Administrative Officer	By: ____________________ David Leifer Senior Managing Director
Date: ____________________	Date: 4-11-18
	By: ____________________
Approved as to Form: COUNTY COUNSEL	Name: ____________________
	Title: ____________________
By: ____________________ Deputy Date: ____________________	Date: ____________________

Matter No. 2017141

[Pursuant to California Corporations Code section 17703.01, County policy requires that contracts with a **Limited Liability Company** be signed by at least two managers, unless the contract is accompanied by a certified copy of the articles of organization stating that the LLC is managed by only one manager.]

WRITTEN CONSENT

OF THE MANAGING MEMBER OF

KNN PUBLIC FINANCE, LLC

The undersigned, being the managing member of KNN PUBLIC FINANCE, LLC, a California limited liability company ("Company"), acting pursuant to the provisions of the Company's Operating Agreement and the California Revised Uniform Limited Liability Company Act, hereby consents to and adopts the following resolution:

SIGNING AUTHORITY

RESOLVED, all Company employees with the titles of Vice President, Director or Managing Director are hereby authorized to execute such documents as are necessary or appropriate to bind the company to its clients and prospective clients, including without limitation, responses to municipal requests for proposal.

Date: April 12, 2016

DAVID LEIFER, Managing Member

Exhibit A

Tulare County 2018 Pension Obligation Bonds

KNN Public Finance Scope of Services

1. Create and manage the Financing Schedule and Distribution List. Coordinate activities of financing team.
2. Conduct request for proposal process for selection of other financing team members (Disclosure Counsel, Trustee, Financial Printer, etc.), as necessary.
3. Participate in review of legal documents, including MOU, and Preliminary and Final Official Statement. Participate in discussions about approach to validation and implications for timing of financing.
4. Attend staff training, due diligence session, working group meetings, and Board of Supervisors and TCERA board meetings, as necessary.
5. Assist in the development of plan of finance, including analyzing optimal application of proceeds, alternative payment dates, and alternative debt service structures.
6. Assist in preparation of credit presentation and assist in process of securing credit ratings from multiple rating agencies.
7. Assist in the determination of key pricing related parameters for Board Resolution.
8. Monitor taxable market conditions. Coordinate with underwriter regarding timing of sale for the financing.
9. Assist in negotiating underwriter takedowns and marketing plan.
10. Coordinate pricing activities including preparation of pricing comparables worksheet, order tracking worksheet, secondary market trades, etc., and make recommendations to County staff regarding pricing scale adjustments.
11. Coordinate closing activities.
12. Provide post-closing report.

Exhibit B
MSRB Disclosures

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties on Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary Events of KNN Public Finance, LLC ("KNN Public Finance") and its associated persons.

Conflicts of Interest

KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

Legal or Disciplinary Events

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN's municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission ("SEC") order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA's CRD system and is publicly accessible through BrokerCheck at http://brokercheck.finra.org. For purposes of accessing such BrokerCheck information, the Municipal Advisor's CRD number is 4457537.

There has been no change to any legal or disciplinary event that has been disclosed on KNN Public Finance's original SEC registration Form MA filed on February 8, 2016 or Form MA-I's filed on January 22, 2016.

Additional Disclosures - MSRB Rule G-10

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

a) KNN Public Finance, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

b) Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, Tulare County may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

EXHIBIT C

PROFESSIONAL SERVICES CONTRACTS
INSURANCE REQUIREMENTS

CONTRACTOR shall provide and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the CONTRACTOR, his agents, representatives, employees, and subcontractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Coverage at least as broad as Commercial General Liability, insurance Services Office Commercial General Liability coverage occurrence form GC 00 0 I, with limits no less than $1,000,000 per occurrence including products and completed operations, property damage, bodily injury and personal & advertising injury. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

2. Insurance Services Office Form Number CA 00 0 I covering Automobile Liability of $1,000,000 per occurrence including any auto or, if the CONTRACTOR has no owned autos, hired and non-owned auto coverage. If an annual aggregate applies it must be no less than $2,000,000.

3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

4. Professional Liability (Errors and Omissions) insurance appropriate to the CONTRACTOR's profession, with limit no less than $1,000,000 per occurrence or claim, $2,000,000 aggregate.

B. Specific Provisions of the Certificate

1. If the required insurance is written on a claims made form, the retroactive date must be before the date of the contract or the beginning of the contract work and must be maintained and evidence of insurance must be provided for at least three (3) years after completion of the contract work.

2. CONTRACTOR must submit endorsements to the General Liability reflecting the following provisions:

a. *The COUNTY, its officers, agents, officials, employees and volunteers are to be covered as additional insureds as respects; liability arising out of work or operations performed by or on behalf of the CONTRACTOR including material, parts, or equipment furnished in connection with such work or operations.*

b. *For any claims related to this project, the CONTRACTOR's insurance coverage shall be primary insurance as respects the COUNTY, its officers, agents, officials, employees and volunteers. Any insurance or self-insurance maintained by the COUNTY. its officers, agents, officials, employees or volunteers shall be excess of the CONTRACTOR 's insurance and shall not contribute with it.*

c. *CONTRACTOR hereby grants to COUNTY a waiver of any right to subrogation which any insurer of CONTRACTPR may acquire against the county by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessa1y to affect this waiver of subrogation, but this provision applies regardless of whether or not the COUNTY has received a waiver of subrogation endorsement from the insurer.*

D *Each insurance policy required by this agreement shall be endorsed lo state that coverage shall no/ be canceled by either party, except after written notice has been provided to the County.*

3. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the COUNTY for all work performed by the CONTRACTOR, its employees, agents and subcontractors. CONTRACTOR waives all rights against the COUNTY and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.

C. <u>Deductibles and Self-Insured Retentions</u>

Self-insured retentions must be declared and the COUNTY Risk Manager must approve any deductible or self-insured retention that exceeds $100,000.

D. <u>Acceptability of Insurance</u>

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A-:VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. <u>Verification of Coverage</u>

Prior to approval of this Agreement by the COUNTY, the CONTRACTOR shall file with the submitting department, certificates of insurance with original endorsements effecting coverage in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.

Attachment 9

Agreement for Bond Counsel Services
with Hawkins Delafield & Wood, LLP

AGREEMENT FOR SERVICES BETWEEN THE COUNTY OF TULARE AND HAWKINS DELAFIELD & WOOD LLP AS BOND COUNSEL FOR THE COUNTY OF TULARE TAXABLE PENSION OBLIGATION BONDS, SERIES 2018

THIS AGREEMENT, made and entered into this 24th day of April, 2018, by and between the COUNTY OF TULARE (the "County") and Hawkins Delafield & Wood LLP ("Bond Counsel") regarding legal services to be rendered by Bond Counsel to the County in connection with the County's Taxable Pension Obligation Bonds, Series 2018 (the "Financing").

RECITALS

WHEREAS, the County desires to retain Hawkins Delafield & Wood LLP to provide Bond Counsel services in connection with the issuance, sale and delivery of the Financing; and

Now, therefore, in consideration of the mutual covenants, terms and conditions herein contained, the parties hereto agree as follows:

AGREEMENT

A. Scope of Services

Bond Counsel will serve as the County's legal consultant in connection with the proposed Financing. Bond Counsel will render the following services:

1. Consult and work with County staff, County Counsel, Disclosure Counsel, municipal advisor, underwriter(s), and other consultants to assist in the structuring of a legal bond issuance. Provide County staff and the County's Board guidance on issuer obligations and requirements, as requested.

2. Prepare legal documents for the authorization, issuance, and sale of the Financing, including, but not limited to, the following: resolution, trust agreement, debenture, and other documents prepared in connection with the execution and delivery of Financing, including the closing documents.

3. Review of the Bond Purchase Agreement, the Preliminary Statement, and the Official Statement.

4. Provide legal advice on the use of bond proceeds.

5. Attend Board meetings, working group meetings and due diligence meetings as requested by the County.

6. Participate in activities associated with rating agency meetings.

7. Render the standard approving opinion and other opinions required to be delivered in connection with Financing.

8. Prepare transcripts of the Financing.

9. Such other legal services as may be incidental to the foregoing.

Retention of Bond Counsel to perform the services required by this Agreement is based in part upon the particular professional expertise of the individuals that will render the services required by the Agreement. The County looks to Arto C. Becker to assume direct responsibilities and to other professionals and staff designated by Arto C. Becker to assist in the discharge of the Bond Counsel's duties.

B. Compensation

For the services hereunder, Bond Counsel shall be paid $75,000, plus approved expenses not to exceed $4,000. It is understood that if the scope of services to be performed is substantially enlarged from that set forth above (e.g., the rendering of additional opinions, a material change in the structure of the transaction or similar events), the fees for this Agreement will be subject to re-negotiation, subject to mutual agreement.

It is the understanding of the parties hereto that the County has agreed to pay the fees of the Bond Counsel reasonably incurred hereunder upon submission of an invoice to the County upon the closing of the Financing. In the event the sale of the Financing is abandoned by the County for any reason, no payment will be made to Bond Counsel hereunder for any services rendered or costs incurred by Bond Counsel, it being understood that Bond Counsel's compensation is expressly conditioned upon the Closing. The County may abandon this Financing with or without cause for any reason whatsoever at any time prior to the Closing.

C. Notices and Correspondence

Any notices or correspondence deemed by either party to be necessary or desirable to be given to the other party in writing may be given by personal delivery to a representative of the parties, by facsimile transmission or by mail, postage prepaid, addressed as follows:

<u>County</u>:

County of Tulare, County Counsel
2900 W. Burrell
County Civic Center
Visalia, CA 93291
Telephone: (559) 636-4950
Facsimile: (559) 737-4319
Email: jkuhn@co.tulare.ca.us
Attn: Jeffrey Kuhn, Esq.

<u>Bond Counsel</u>:

Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, CA 90071
Telephone: (213) 236-9050
Facsimile: (213) 236-9060
Email: abecker@hawkins.com
Attn: Arto C. Becker, Esq.

D. Applicable Law

This Agreement, its interpretation, and all services performed hereunder shall be governed by the laws of the State of California.

E. Compliance with Laws

1. Bond Counsel agrees to comply with all local, state, and federal laws and regulation.

2. This agreement shall be governed by and construed in accordance with the laws of the State of California.

F. Hold Harmless and Indemnification

Bond Counsel agrees to hold harmless, to indemnify, and at its own expense, cost and risk, to defend the County, its officers, agents and employees from every claim, action, loss damage, cost, expense (including attorney's fees), and/or liability arising from any wrongful or negligent errors, acts or omissions of Bond Counsel relating to the performance of services under this Agreement.

G. Assignment

Neither party shall assign, sublet, or transfer its obligation under this Agreement without the prior written consent of the other.

IN WITNESS WHEREOF, the County of Tulare has caused this agreement to be subscribed by its authorized official as of the date first above written.

COUNTY OF TULARE

By: ______________________

Name: Michael C. Spata
Title: County Administrative Officer

Approved as to Form:
County Counsel

By: ______________________
Deputy

Matter No. 2017141

HAWKINS DELAFIELD & WOOD LLP

By: Arto C. Becker

Name: Arto C. Becker
Title: Partner

Attachment 10

Agreement for Disclosure Counsel Services
with Stradling Yocca Carlson & Rauth, PC

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
500 CAPITOL MALL, SUITE 1120
SACRAMENTO, CA 95814
TELEPHONE 916.449.2350
FACSIMILE 916.441.2034

KEVIN CIVALE
DIRECT DIAL: (916) 449-2360
KCIVALE@SYCR.COM

CALIFORNIA
NEWPORT BEACH
SACRAMENTO
SAN DIEGO
SAN FRANCISCO
SANTA BARBARA
SANTA MONICA

COLORADO
DENVER

NEVADA
RENO

WASHINGTON
SEATTLE

April 6, 2018

County of Tulare
2800 W. Burrel Avenue
Visalia, California 93291

Ladies and Gentlemen:

We thank you for the opportunity to represent the County of Tulare (the "County") as disclosure counsel for the proposed issuance of pension obligation bonds (the "bonds"). Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our representation of the County in connection with the matters identified above.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Kevin Civale

Kevin M. Civale

Enclosure

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

County of Tulare

By:____
Michael C. Spata, County Administrator

TERMS OF RETENTION
OF
STRADLING YOCCA CARLSON & RAUTH

1. **Fees and Costs**. Stradling Yocca Carlson & Rauth (the "Firm") is typically compensated for its services based primarily on the value of the services and the time spent performing them. Such compensation may include the time spent on client conferences, travel, research, drafting documents, and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable rates. **For disclosure counsel services on the proposed refinancing, however, we charge on a fixed fee basis for the scope of work described in Exhibit A hereto. The fixed fee for the current financing is $35,000. Such fees will be payable solely from the proceeds of the financing.**

The firm also charges for various costs such as copying, messenger services, travel, filing fees and other costs. For this matter, expenses will not exceed $1,500.

2. **Date of Termination**. Our representation of you will be considered terminated at the earlier of: (i) your termination of our representation; (ii) our withdrawal from our representation of you; or (iii) the substantial completion of our substantive work for you.

3. **Termination by County**. We understand that we serve at the pleasure of the County and this Terms of Retention may be terminated by the County at any time, upon 10 days written notification with or without cause. In the event that our services are terminated prior to completion of the financing, we will be entitled to be paid at the time of termination for all services rendered and costs and expenses paid or incurred on your behalf (subject to the limitations in Section 1).

4. **Termination by Us**. We reserve the absolute right to withdraw from representing you if, among other things, you fail to honor the terms of our agreement, you fail to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on your behalf (subject to the limitations in Section 1). If necessary in connection with litigation, we would request leave of court to withdraw.

5. **Related Activities**. If any claim or action is brought against us or any personnel or agents of the firm based on your negligence or misconduct, or if we are asked to testify as a result of our representation of you or must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting fees, costs, or damages, including our time, even if our representation of you has ended.

6. **Client File and Retention**. For each matter we maintain a file in which we place certain documents and items, including original documents, that are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file is

your property and, subject to any protective order or non-disclosure agreement, you may request to take possession of it once the matter concludes. If you do not take possession of the file during that seven-year period, you agree that upon sixty days' notice to you we may dispose of it unless you request to take possession of it at that time. We will promptly notify you should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation ("Legal Process") while in our possession, including after the matter concludes. You agree to pay our then-prevailing hourly rates and costs we incur to comply with the Legal Process. Any additional charges for fees and costs in connection with the Legal Process will be subject to your approval.

7. **No Guarantee of Outcome**. The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transactions contemplated by this agreement. We do not and cannot guarantee any outcome in a matter.

8. **Insurance**. We hereby advise you that this firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to you. Evidence of such insurance will be provided upon request.

9. **Identity of Client**. We represent only the entity named above in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

10. **Payment Notwithstanding Dispute**. In the event of any dispute that relates to our entitlement to any payment from you, all undisputed amounts shall be paid by you. Any amounts in any client trust account held on your behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

11. **Arbitration.** We appreciate the opportunity to serve as your attorneys and anticipate a productive and harmonious relationship. If you should feel for any reason that there is a problem with the services we have performed or with our charges, we encourage you to bring that to our attention immediately. If we perceive a problem with your representation, we likewise will endeavor to discuss it with you. Most problems should be rectified by communication and discussion. However, a dispute might arise between us which could not be resolved by negotiation. We believe that such attorney-client disputes are most satisfactorily resolved through final and binding arbitration rather than by litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious.

In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are often less formal and less rigid than the rules which apply in Court. Arbitration usually results in a decision much more quickly than proceedings in Court, and the attorneys' fees and other costs incurred by both sides may be substantially less. You are free to discuss the advisability of arbitration with us, or with your own independent counsel or any of your other advisors, and to ask any questions which you may have.

By signing this Terms of Retention, we agree that, in the event of any dispute or claim arising out of or relating to our engagement, our relationship, our charges, or our services (including but not limited to disputes or claims regarding our charges, professional malpractice, errors or omissions, breach of contract, breach of fiduciary duty, fraud, or violation of any statute), SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN SACRAMENTO COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, YOU WAIVE ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL. Venue with regard to any ancillary proceedings arising out of such dispute or claim shall also be in Sacramento County. If we are unable to mutually agree on a retired judge or justice, then each side will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. The fees of the arbitrator will be paid initially equally by both the Firm and you. However, the arbitrator shall have the right to order either party to pay all fees and costs as part of his award.

In arbitration, we shall both be entitled to conduct discovery in accordance with the provisions of the California Code of Civil Procedure, but either of us may request that the arbitrator limit the amount or scope of such discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

Under California law, you have the right, if you desire, to request arbitration of any fee dispute before an arbitrator or panel of arbitrators selected by a local bar association or the State Bar ("Bar Arbitration") and a trial de novo in court if dissatisfied with the result. If you do request a Bar Arbitration, the law provides that evidence of any claim of malpractice or professional misconduct is admissible only concerning the fees or costs in dispute and that the Bar Arbitrators shall not award any affirmative relief in the form of damages, offset or otherwise on account of such claim. By signing this Terms of Retention, you agree that if a Bar Arbitration is conducted, that Bar Arbitration or any trial de novo in Court thereafter shall determine only the issue of the amount of fees properly chargeable to you, if any, and that such Bar Arbitration or trial de novo in Court thereafter shall have no effect on the provisions set forth above which require arbitration before a retired judge or justice of any claims for affirmative relief based on alleged professional malpractice, errors or omissions, breach of conduct, breach of fiduciary duty, fraud or violation of any statute. Any such claims shall be solely determined in an arbitration proceeding by a retired judge or justice without regard to the result of any Bar Arbitration or trial de novo thereafter.

12. **Our Counsel**. We have both internal counsel and outside counsel who advise our professionals about their ethical, professional and legal duties. From time to time, our professionals may consult such counsel about this matter. You acknowledge that such consultations are protected from disclosure to you by the attorney-client privilege between our counsel and us. You also agree that any such communications are not part of your client file, and that you waive any right to obtain discovery of those communications.

13. **Role of Disclosure Counsel**. Disclosure Counsel is being engaged primarily to assist the County in the preparation of the Preliminary Official Statement and the Official Statement for the contemplated financing. In addition, Disclosure Counsel will also provide advice to the County with respect to the County's responsibilities under the federal securities laws. Disclosure Counsel is not being retained, and has no duty, to advise the County as to whether or it should issue the bonds or whether or not it should enter into any contracts related to the possible issuance of the bonds; nor is Disclosure Counsel being retained, and it has no duty, to provide financial advice of any kind to the County in connection with or relating to the bonds or any contracts related thereto. The County, through its Board, will be exercising its independent judgment regarding the decisions of (a) whether or not to issue the bonds, (b) whether or not to enter into any contracts related to the bonds (or (c) the financial terms to be included in the bonds and/or any such contracts. Accordingly, the parties agree that Disclosure Counsel's role is not one where it will be exerting influence over the decision by the County to proceed or not to proceed to issue the bonds or to enter into any contracts related thereto.

14. **Client Communication**. You hereby designate Jeffrey Kuhn, Chief Deputy County Counsel, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from those persons and any other person that the County may designate in the future.

15. **Representation of Other Parties**. The Firm has represented, and may represent in the future, underwriting firms (including the underwriters of the refunding bonds to be issued by the County) from time-to-time in connection with other specific municipal finance offerings.

16. **Miscellaneous**. This letter sets forth the entire agreement between you and us, and there are no other or additional understandings between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

17. **Effective Date**. The effective date of this agreement is the date you sign this letter, but if signed, will apply back to the date we first provided legal services to you with regard to our fees. The date of this letter is for reference only.

18. **Primary Attorney.** The primary attorney with responsibility for this representation will be Kevin Civale. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Mr. Civale and no change will be made in the primary attorney without the prior, written consent of the County. The Firm will not substitute another primary attorney without the prior approval of the County.

EXHIBIT A

SCOPE OF SERVICES

As Disclosure Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation (the "Firm"), will undertake the following Scope of Services on the proposed transaction:

1. Assistance in the preparation of the Preliminary Official Statement and Official Statement.

2. Provide advice concerning the County's responsibilities under the federal securities laws.

3. Render a "10b-5" letter in our customary form with respect to the Official Statement addressed to the County and the underwriter of the bonds.

Attachment 11

Underwriter’s Disclosures required by Municipal Securities Rulemaking Board Rule G-17 and Acknowledgment of receipt of such Disclosures

March 21, 2018

County of Tulare
County Administrative Office
2800 West Burrel Avenue
Visalia, CA 93291

Attn: Michael Spata, County Administrative Officer

Re: Disclosures by Underwriter/Senior Managing Underwriter
Pursuant to MSRB Rule G-17
Pension Obligation Bonds, Series 2018

Dear Michael:

We are writing to provide you, as the County Administrative Officer of the County of Tulare (Issuer), and an official of the Issuer with the authority to bind the Issuer by contract, with certain disclosures relating to the captioned bond issue (the "Bonds"), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)[1].

The Issuer has engaged Raymond James & Associates, Inc. ("RJA"), to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our services as underwriter, RJA may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

I. Disclosures Concerning the Underwriters' Role:

(i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.

(ii) The primary role of the underwriters is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.

(iii) Unlike a municipal advisor, the underwriters do not have a fiduciary duty to the Issuer under the federal securities laws and are, therefore, not required by federal law to act in the best interests of the Issuer without regard to their own financial or other interests.

[1] Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

(iv) The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.

(v) The underwriters will review the official statement for the Bonds in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction[2].

II. Disclosures Concerning the Underwriters' Compensation:

The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

III. Additional Conflicts and Business Relationships Disclosures:

RJA has identified the following additional potential or actual material conflicts or business relationships we wish to call to your attention:

In the ordinary course of its various business activities, RJA and its affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. RJA and its affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

IV. Disclosures Concerning Structure of Municipal Securities Financing:

Since RJA has recommended to the Issuer a financing structure that may be considered a "complex municipal securities financing" for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing structure as well as the

[2] Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

material financial risks of the financing that are known to the underwriter and reasonably foreseeable at this time.

In accordance with the requirements of MSRB Rule G-17, if RJA recommends a “complex municipal securities financing” to the Issuer that is not otherwise described herein, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to the underwriter and reasonably foreseeable at that time.

If you or any other Issuer official has any questions or concerns about these disclosures, then please make those questions or concerns known immediately to the undersigned. In addition, the Issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Under MSRB Rules, we are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you Issuer in connection with the issuance of the Bonds. We appreciate your business.

Sincerely,

RAYMOND JAMES & ASSOCIATES, INC.

By:__________________________________
Rob Larkins, Managing Director

CC: Hawkins Delafield & Wood, LLP
KNN Public Finance
Norton Rose Fulbright US LLP

One Embarcadero Center Suite 650 // San Francisco, CA 94111 // raymondjames.com

Fixed Rate Structure Disclosure

The following is a general description of the financial characteristics and security structures of fixed rate municipal bonds (“Fixed Rate Bonds”), as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds. If you decide that you would like to pursue this financing alternative, we may provide you with additional information more specific to your particular issue.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies and authorities. Maturity dates for Fixed Rate Bonds are fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. The final maturity date typically will range between 10 and 30 years from the date of issuance. Interest on the Fixed Rate Bonds typically is paid semiannually at a stated fixed rate or rates for each maturity date.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows you, at your option, to redeem some or all of the bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds will be subject to optional redemption only after the passage of a specified period of time, often approximately ten years from the date of issuance, and upon payment of the redemption price set forth in the bonds, which may include a redemption premium. You will be required to send out a notice of optional redemption to the holders of the bonds, usually not less than 30 days prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires you to redeem specified principal amounts of the bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the bonds to be redeemed.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below.

General Obligation Bonds

“General obligation bonds” are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term “limited” tax is used when such limits exist.

General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds

"Revenue bonds" are debt securities that are payable only from a specific source or sources of revenues. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors.

The description above regarding "Security" is only a brief summary of certain possible security provisions for the bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following:

Issuer Default Risk

You may be in default if the funds pledged to secure your bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk

Your ability to redeem the bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you may be unable to take advantage of the lower interest rates to reduce debt service.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the bonds at maturity (for example, if you have term maturities or if you choose a shorter final maturity than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the bonds to take advantage of lower interest rates.

Reinvestment Risk

You may have proceeds of the bonds to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the rate of interest that you are paying on the bonds, which is referred to as “negative arbitrage”.

Tax Compliance Risk

The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you or your bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the bonds are declared taxable, or if you are subject to audit, the market price of your bonds may be adversely affected. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the bonds.

COUNTY OF TULARE

COUNTY ADMINISTRATIVE OFFICE

MICHAEL C. SPATA
County Administrative Officer

April 24, 2018

Rob Larkins
Managing Director
Raymond James & Associates, Inc.
One Embarcadero Center, Suite 650
San Francisco, CA 94111

Re: MSRB Rule G-17 Disclosures

Dear Mr. Larkins:

This will acknowledge the County of Tulare's receipt from Raymond James & Associates, Inc. of the disclosures required by MSRB Rule G-17 with respect to the County of Tulare's proposed issuance of taxable Pension Obligation Bonds. By its action taken this date, the County's Board of Supervisors has confirmed the selection of Raymond James & Associates, Inc. as the Underwriter of said bonds.

Please let me know if you need anything else from the County on this. Thank you.

Sincerely,

Michael C. Spata
County Administrative Officer

Administration Building **2800 W. Burrel, Visalia, CA 93291** **(559) 636-5005 FAX: (559) 733-6318**