NEW ISSUE -- FULL BOOK-ENTRY **RATING: Standard & Poor's: "AA-"**
BANK QUALIFIED **See "RATING" herein.**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In addition, the Series A Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$4,000,000
MESA UNION SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

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

Issuance. The Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series A (the "Series A Bonds"), in the aggregate principal amount of $4,000,000, are being issued by the Mesa Union School District (the "District") pursuant to a resolution of the Board of Trustees of the District adopted on February 19, 2019 (the "Bond Resolution"). The Series A Bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of $9,875,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities. The Series A Bonds are the first series of bonds to be issued under this authorization. See "THE SERIES A BONDS – Authority for Issuance" and "-Purpose of Issue."

Security. The Series A Bonds are general obligation bonds of the District payable solely from *ad valorem* taxes. The Board of Supervisors of Ventura County has the power and is obligated to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Series A Bonds. See "SECURITY FOR THE SERIES A BONDS."

Redemption. The Series A Bonds are subject to optional and mandatory sinking fund redemption prior to maturity under certain circumstances, as described herein. See "THE SERIES A BONDS – Optional Redemption" and "-Mandatory Sinking Fund Redemption."

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

Payments. The Series A Bonds are dated the date of delivery set forth above and are being issued as Current Interest Bonds (as defined herein). The Series A Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2019. Payments of principal of and interest on the Series A Bonds will be paid by MUFG Union Bank, N.A., as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds. See "THE SERIES A BONDS."

MATURITY SCHEDULE
(see inside front cover)

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

The Series A Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Kutak Rock LLP, Irvine, California, is serving as Underwriter's Counsel. It is anticipated that the Series A Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about April 3, 2019.

RAYMOND JAMES®

The date of this Official Statement is March 20, 2019.

MATURITY SCHEDULE

MESA UNION SCHOOL DISTRICT

(Ventura County, California)
General Obligation Bonds
Election of 2018, Series A

Base CUSIP†: 590595

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2020	$155,000	4.000%	1.420%	103.380	CY8
2021	175,000	4.000	1.440	105.838	CZ5
2022	55,000	4.000	1.470	108.185	DA9
2023	60,000	4.000	1.520	110.347	DB7
2024	70,000	4.000	1.580	112.317	DC5
2025	30,000	4.000	1.670	113.934	DD3
2026	35,000	4.000	1.750	115.409	DE1
2027	45,000	4.000	1.850	116.521	DF8
2028	50,000	4.000	1.970	115.519C	DG6
2029	60,000	4.000	2.160	113.952C	DH4
2030	65,000	4.000	2.370	112.250C	DJ0
2031	75,000	4.000	2.560	110.735C	DK7
2032	85,000	4.000	2.730	109.400C	DL5
2033	95,000	4.000	2.830	108.623C	DM3

$1,155,000 - 3.250% Term Bond maturing August 1, 2041; Yield 3.250%; Price 100.00%; CUSIP†: DW1

$660,000 - 3.375% Term Bond maturing August 1, 2044; Yield 3.480%; Price 98.238%; CUSIP†: DU5

$1,130,000 - 4.000% Term Bond maturing August 1, 2048; Yield 3.530%; Price 103.361%C; CUSIP†: DV3

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†CUSIP Global Services, and a registered trademark of American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of American Bankers Association by S&P Capital IQ. Neither the District nor the Underwriter takes any responsibility for the accuracy of the CUSIP data.
C: Priced to first par call on August 1, 2027.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

Stabilization of Offering Prices. In connection with the offering of the Series A Bonds, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of such Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

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

MESA UNION SCHOOL DISTRICT
COUNTY OF VENTURA
STATE OF CALIFORNIA

DISTRICT ADMINISTRATION

Jeff Turner, *Superintendent/Principal*
Tami Peterson, *Chief Business Official*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

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

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Kutak Rock LLP
Irvine, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

MUFG Union Bank, N.A.
Los Angeles, California

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$4,000,000
MESA UNION SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale and delivery by the Mesa Union School District (the "**District**") of the Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified), in the principal amount of $4,000,000 (the "**Series A Bonds**").

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

The District

The District was established in 1937 and has boundaries located in portions of the City of Camarillo, the City of San Buenaventura, and an unincorporated area of Ventura County (the "**County**"). The District currently operates one elementary and middle school located on a single campus in the Los Posas Valley, serving grades kindergarten through eight. Student enrollment in fiscal year 2018-19 is 615 students. The District's total assessed valuation for fiscal year 2018-19 is $1,151,812,250. For general and financial information about the District and the County, see Appendices A, B and C.

Purpose of Issue

The net proceeds of the Series A Bonds will be used to finance school construction and improvements to the school facilities as approved by the voters at an election held in the District on November 6, 2018. See "THE SERIES A BONDS - Purpose of Issue" and "- Authority for Issuance" and "SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Series A Bonds

Issuance of the Series A Bonds was approved by more than 55% of the voters of the District voting at an election held on November 6, 2018 (the **"Bond Election"**) and will be issued pursuant to certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the **"Bond Law"**), and pursuant to a resolution adopted by the Board of Trustees of the District adopted on February 19, 2019 (the **"Bond Resolution"**). See "THE SERIES A BONDS - Authority for Issuance" herein.

Sources of Payment for the Series A Bonds

The Series A Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Series A Bonds and the interest thereon upon all property within the District subject to taxation, without limitation as to rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE SERIES A BONDS" herein.

Description of the Series A Bonds

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

Redemption. The Series A Bonds are subject to redemption prior to maturity as described in "THE SERIES A BONDS - Optional Redemption" and "- Mandatory Sinking Fund Redemption" herein.

Legal Matters

Issuance of the Series A Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (**"Disclosure Counsel"**). Kutak Rock LLP, Irvine, California, is serving as counsel to the Underwriter (**"Underwriter's Counsel"**). Payment of the fees of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon issuance of the Series A Bonds. See "APPENDIX D – Form of Opinion of Bond Counsel."

Tax Matters

Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Series A Bonds will not be includable in gross income for federal income tax purposes. Also, in the opinion of Bond Counsel, interest on the Series A Bonds will be exempt from the State personal income taxes. The District has designated the Series A Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986. Such section provides an exception to the prohibition against the ability of a "financial institution" (as defined in the Internal Revenue Code of 1986) to deduct its interest expense allocable to interest payable on the Series A Bonds. See "TAX MATTERS" herein.

Offering and Delivery of the Series A Bonds

The Series A Bonds are offered when, as and if issued and received by the purchasers, subject to approval as to the legality by Bond Counsel. It is anticipated that the Series A Bonds will be available for delivery through the facilities of DTC on or about April 3, 2019.

Continuing Disclosure

The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate executed in connection with the Series A Bonds. The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CERTAIN LEGAL MATTERS - Continuing Disclosure" herein.

Other Information

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

Copies of documents referred to in this Official Statement and information concerning the Series A Bonds are available from the District from the Superintendent's Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. The District may impose a charge for copying, mailing and handling.

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

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

THE SERIES A BONDS

Authority for Issuance

The Series A Bonds will be issued pursuant to the Bond Law and the Bond Resolution. The District received authorization at the Bond Election, by more than the requisite fifty-five percent vote of the qualified electors to issue general obligation bonds in a principal amount of $9,875,000 (the **"Authorization"**). The Series A Bonds are the first series of general obligation bonds issued pursuant to the Authorization.

Purpose of Issue

The proceeds of bonds issued pursuant to the Authorization will be used for the purposes specified in the ballot measure approved by the District's voters on November 6, 2018 by over 70% of the voters and known as Measure O (**"Measure O"**). The abbreviated summary of Measure O (limited to 75 words or less) as set forth on the ballot is as follows:

> *"To improve the quality of education; upgrade outdated classrooms, restrooms and school facilities; replace/renovate aging heating and air-conditioning, deteriorating plumbing, and inadequate electrical systems; make safety and security improvements; shall Mesa Union School District issue $9,875,000 of bonds at legal interest rates, raising an average $532,090 annually as long as bonds are outstanding, at a rate of 3 cents per $100 assessed value, with independent citizens' oversight, NO money for administrative salaries, and all money spent locally?"*

As part of the ballot materials presented to District voters at the Bond Election, the voters authorized a list of projects (the **"Project List"**) eligible to be funded with proceeds of bonds sold pursuant to the Authorization, including the Series A Bonds described herein. The District makes no representation as to the specific application of the proceeds of the Series A Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the Authorization will provide sufficient funds to complete any particular project listed in the Project List.

See "DEBT SERVICE SCHEDULE" herein for the debt service due with respect to the Series A Bonds.

Description of the Series A Bonds

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

The Series A Bonds will be issued in denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Series A Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2019 (each, an **"Interest Payment Date"**). Each Series A Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an

Interest Payment Date and after the close of business on the 15th calendar day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2019, in which event it will bear interest from the Date of Delivery identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Series A Bond is in default at the time of authentication thereof, such Series A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Series A Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Series A Bonds.

Paying Agent

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

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

Optional Redemption

The Series A Bonds maturing on or before August 1, 2027 are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after August 1, 2028 are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 2027, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

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

Mandatory Sinking Fund Redemption

The Series A Bonds maturing on August 1, 2041, August 1, 2044, and August 1, 2048 (collectively, the **"Term Bonds"**), are subject to mandatory sinking fund redemption on August 1 of each years in accordance with the applicable schedule set forth below. The Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium. If any Term Bonds are redeemed under the foregoing optional redemption provisions, the total amount of all future sinking payments with respect to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000.

Term Bonds Maturing August 1, 2041

Redemption Date (August 1)	Sinking Fund Redemption
2034	$105,000
2035	115,000
2036	125,000
2037	135,000
2038	150,000
2039	160,000
2040	175,000
2041 (maturity)	190,000

Term Bonds Maturing August 1, 2044

Redemption Date (August 1)	Sinking Fund Redemption
2042	$205,000
2043	220,000
2044 (maturity)	235,000

Term Bonds Maturing August 1, 2048

Redemption Date (August 1)	Sinking Fund Redemption
2045	$250,000
2046	270,000
2047	295,000
2048 (maturity)	315,000

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Series A Bonds, at the expense of the District, to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the respective owners of any Series A Bonds designated for redemption, at their addresses appearing on the Registration Books. Notice of any redemption of Series A Bonds shall specify: (a) the Series A Bonds or designated portions thereof (in the case of redemption of the Series A Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series A Bonds to be redeemed, (f) the Bond numbers of the Series A Bonds to be redeemed in whole or in part and, in the case of any Series A Bond to be redeemed in part only, the Principal Amount of such Series A Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Series A Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue.

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

Partial Redemption of Series A Bonds

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

Right to Rescind Notice of Redemption

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

Book-Entry Only System

The Series A Bonds will be registered initially in the name of "Cede & Co.," as nominee of The Depository Trust Company (**"DTC"**), which has been appointed as securities depository for the Series A Bonds, and registered ownership may not be transferred thereafter except as provided in the Bond Resolution. Purchasers will not receive certificates representing their interests in the Series A Bonds. Principal of the Series A Bonds will be paid by the Paying Agent to DTC, which in turn is obligated to remit such principal to its participants for subsequent disbursement to beneficial owners of the Series A Bonds as described herein. See "APPENDIX F – DTC and the Book-Entry System."

Registration, Transfer and Exchange of Bonds

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

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

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

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

Defeasance

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

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

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

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

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

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

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

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

As used in the foregoing defeasance provision, the term **"Federal Securities"** means United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States.

DEBT SERVICE SCHEDULES

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

MESA UNION SCHOOL DISTRICT
Annual Debt Service Schedule
General Obligation Bonds
Election of 2018, Series A

Period Ending August 1	Series A Bonds Principal	Series A Bonds Interest	Series A Bonds Total
2019	--	$48,252.99	$48,252.99
2020	$155,000.00	147,212.50	302,212.50
2021	175,000.00	141,012.50	316,012.50
2022	55,000.00	134,012.50	189,012.50
2023	60,000.00	131,812.50	191,812.50
2024	70,000.00	129,412.50	199,412.50
2025	30,000.00	126,612.50	156,612.50
2026	35,000.00	125,412.50	160,412.50
2027	45,000.00	124,012.50	169,012.50
2028	50,000.00	122,212.50	172,212.50
2029	60,000.00	120,212.50	180,212.50
2030	65,000.00	117,812.50	182,812.50
2031	75,000.00	115,212.50	190,212.50
2032	85,000.00	112,212.50	197,212.50
2033	95,000.00	108,812.50	203,812.50
2034	105,000.00	105,012.50	210,012.50
2035	115,000.00	101,600.00	216,600.00
2036	125,000.00	97,862.50	222,862.50
2037	135,000.00	93,800.00	228,800.00
2038	150,000.00	89,412.50	239,412.50
2039	160,000.00	84,537.50	244,537.50
2040	175,000.00	79,337.50	254,337.50
2041	190,000.00	73,650.00	263,650.00
2042	205,000.00	67,475.00	272,475.00
2043	220,000.00	60,556.26	280,556.26
2044	235,000.00	53,131.26	288,131.26
2045	250,000.00	45,200.00	295,200.00
2046	270,000.00	35,200.00	305,200.00
2047	295,000.00	24,400.00	319,400.00
2048	315,000.00	12,600.00	327,600.00
Total	$4,000,000.00	$2,828,003.01	$6,828,003.01

Combined Debt Service Schedule. In addition to the Series A Bonds described herein, the District has two other series of refunding general obligation bonds outstanding. The following table shows the combined debt service schedule for the outstanding bonds, together with the Series A Bonds, assuming no optional redemptions. See also Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Long-Term Indebtedness" for additional information.

MESA UNION SCHOOL DISTRICT
Combined General Obligation Bonds Debt Service Schedule

Bond Year Ending August 1	2011 Refunding Bonds Debt Service	2014 Refunding Bonds Debt Service	Election of 2018, Series A Bonds Debt Service	Total Debt Service
2019	$328,100.00	$302,963.00	$48,252.99	$679,315.99
2020	355,300.00	311,763.00	302,212.50	969,275.50
2021	381,100.00	279,963.00	316,012.50	977,075.50
2022	415,500.00	289,163.00	189,012.50	893,675.50
2023	445,000.00	301,163.00	191,812.50	937,975.50
2024	472,250.00	307,163.00	199,412.50	978,825.50
2025	497,250.00	317,413.00	156,612.50	971,275.50
2026	530,000.00	326,663.00	160,412.50	1,017,075.50
2027	105,000.00	334,913.00	169,012.50	608,925.50
2028	--	347,163.00	172,212.50	519,375.50
2029	--	358,763.00	180,212.50	538,975.50
2030	--	364,763.00	182,812.50	547,575.50
2031	--	375,313.00	190,212.50	565,525.50
2032	--	387,750.00	197,212.50	584,962.50
2033	--	394,250.00	203,812.50	598,062.50
2034	--	--	210,012.50	210,012.50
2035	--	--	216,600.00	216,600.00
2036	--	--	222,862.50	222,862.50
2037	--	--	228,800.00	228,800.00
2038	--	--	239,412.50	239,412.50
2039	--	--	244,537.50	244,537.50
2040	--	--	254,337.50	254,337.50
2041	--	--	263,650.00	263,650.00
2042	--	--	272,475.00	272,475.00
2043	--	--	280,556.26	280,556.26
2044	--	--	288,131.26	288,131.26
2045	--	--	295,200.00	295,200.00
2046	--	--	305,200.00	305,200.00
2047	--	--	319,400.00	319,400.00
2048	--	--	327,600.00	327,600.00
Total	$3,529,500.00	$4,999,169.00	$6,828,003.01	$15,356,672.01

SOURCES AND USES OF FUNDS

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

<u>Sources of Funds</u>	
Principal Amount of Series A Bonds	$4,000,000.00
Net Original Issue Premium	126,471.55
Total Sources	**$4,126,471.55**
<u>Uses of Funds</u>	
Building Fund	$3,860,000.00
Debt Service Fund	87,471.55
Costs of Issuance[1]	179,000.00
Total Uses	**$4,126,471.55**

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the financial advisor, the Paying Agent, and the rating agency.

APPLICATION OF PROCEEDS OF SERIES A BONDS

Building Fund

The proceeds from the sale of the Series A Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Bond Resolution and known as the "Mesa Union School District General Obligation Bond, Election of 2018, Series A Building Fund" (the "**Building Fund**"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Series A Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Series A Bonds not needed for the authorized purposes for which the Series A Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Series A Bonds. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Debt Service Fund

As described herein under the heading "SECURITY FOR THE SERIES A BONDS - Debt Service Fund," the County will establish a debt service fund for the Series A Bonds to be designated the "Election of 2018, Series A General Obligation Bonds Debt Service Fund" (the **"Debt Service Fund"**). Accrued interest and premium, if any, received by the County from the sale of the Series A Bonds will be deposited in the Debt Service Fund which, together with the collections of *ad valorem* taxes, will be used only for payment of principal of and interest on the Series A Bonds. Interest earnings on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund and used to pay the principal of and interest on the Series A Bonds when due. Any moneys remaining in the Debt Service Fund after the Series A Bonds and the interest thereon have been paid, will be transferred to any other interest and sinking fund for general obligation bond indebtedness of the District, and in the event there is no such debt outstanding, will be transferred to the District's general fund upon the order of the County Auditor, as provided in Section 15234 of the Education Code.

Investment of Proceeds of Series A Bonds

Under California law, the District is generally required to pay all moneys received from any source into the County treasury to be held on behalf of the District. The proceeds from the sale of the Series A Bonds to the extent of the principal amount thereof, will be deposited in the County treasury to the credit of the Building Fund and shall be accounted for, together with the proceeds of other bonds of the District separately from all other District and County funds. Such proceeds shall be applied solely for the purposes for which the Series A Bonds were authorized. Any premium or accrued interest received by the District will be deposited in the Debt Service Fund of the District in the County treasury. Interest and earnings on each fund will accrue to that fund.

All funds held by the County Treasurer (the **"County Treasurer"**) in the Building Fund and the Debt Service Fund are expected to be invested at the sole discretion of the County Treasurer, on behalf of the District, in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See "APPENDIX G – VENTURA COUNTY INVESTMENT POLICY AND VENTURA COUNTY INVESTMENT REPORT."

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SECURITY FOR THE SERIES A BONDS

Ad Valorem Taxes

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

Other Debt Payable from Ad Valorem Property Taxes. In addition to the District's general obligation bonds, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Typical Tax Rates" and "– Direct and Overlapping Debt" below.

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

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series A Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

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

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

Economic and other factors beyond the District's control, such as economic recession, deflation of land values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate.

Debt Service Fund

As described herein, the County will establish the Debt Service Fund for the Series A Bonds. See “APPLICATION OF PROCEEDS OF SERIES A BONDS - Debt Service Fund. All taxes levied by the County for the payment of the principal of and interest on the Series A Bonds will be deposited in the Debt Service Fund by the County promptly upon receipt. The Debt Service Fund has been pledged for the payment of the principal of and interest on the Series A Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Series A Bonds as the same become due and payable. The collections deposited in the Debt Service Fund are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service the Series A Bonds.

Not a County Obligation

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

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PROPERTY TAXATION

Property Tax Collection Procedures

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

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

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

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

Taxation of State-Assessed Utility Property

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

Assessed Valuations

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

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Shown in the following table are recent assessed valuations in the District.

MESA UNION SCHOOL DISTRICT
Assessed Valuations of All Taxable Property
Fiscal Years 1999-00 to 2018-19

Fiscal Year	Local Secured	Utility	Unsecured	Total
1999-00	$413,727,948	$0	$8,062,024	$421,789,972
2000-01	490,502,242	0	9,246,947	499,749,189
2001-02	584,492,299	0	8,514,083	593,006,382
2002-03	615,137,313	0	9,773,903	624,911,216
2003-04	639,938,664	0	9,114,417	649,053,081
2004-05	683,459,145	0	9,156,515	692,615,660
2005-06	737,937,711	0	11,505,261	749,442,972
2006-07	802,185,430	0	10,770,820	812,956,250
2007-08	859,248,017	0	12,235,370	871,483,387
2008-09	901,939,520	0	10,839,335	912,778,855
2009-10	913,901,057	0	13,827,528	927,728,585
2010-11	900,385,770	0	14,213,294	914,599,064
2011-12	901,633,425	0	13,653,566	915,286,991
2012-13	929,915,638	0	21,513,754	951,429,392
2013-14	995,353,148	0	24,908,023	1,020,261,171
2014-15	1,131,253,645	0	25,851,684	1,157,105,329
2015-16	1,066,437,167	0	26,955,446	1,093,392,613
2016-17	1,048,471,944	0	26,569,565	1,075,041,509
2017-18	1,088,037,821	0	26,195,750	1,114,233,571
2018-19	1,117,429,723	0	34,382,527	1,151,812,250

Source: California Municipal Statistics, Inc.

Some Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, property reclassifications, and man-made or natural disasters such as earthquakes, fires, floods and droughts. The District is located in a seismically active region. Notable natural disasters in recent years include drought conditions throughout the State, which ended in 2017 due to record-level precipitation in late 2016 and early 2017, numerous wildfires in different regions of the State, including in the vicinity of the District, and flooding and mudslides. The District cannot predict or make any representations regarding the effects that any natural or manmade disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

Assessed Value By Jurisdiction. The following table shows the assessed value in the District by jurisdiction for fiscal year 2018-19.

MESA UNION SCHOOL DISTRICT
Assessed Value by Jurisdiction
Fiscal Year 2018-19

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Camarillo	$428,726,635	37.22%	$13,313,546,183	3.22%
City of San Buenaventura	2,323,666	0.20	$16,074,546,602	0.01%
Unincorporated Ventura County	720,761,949	62.58	$22,621,121,143	3.19%
Total District	$1,151,812,250	100.00%		
Ventura County	$1,151,812,250	100.00%	$134,913,532,515	0.85%

Source: California Municipal Statistics, Inc.

Parcels by Land Use. The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for fiscal year 2018-19.

MESA UNION SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2018-19

Non-Residential:	2018-19 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$303,463,510	27.16%	234	16.43%
Commercial/Office	863,151	0.08	3	0.21
Vacant Commercial	79,573	0.01	2	0.14
Industrial	2,983,671	0.27	2	0.14
Oil & Gas	31,317,879	2.80	15	1.05
Recreational/Golf Course	22,666,241	2.03	16	1.12
Government/Social/Institutional	422,420	0.04	20	1.40
Miscellaneous/Water Companies	9,940,699	0.89	97	6.81
Subtotal Non-Residential	$371,737,144	33.27%	389	27.32%
Residential:				
Single Family Residence	$691,227,254	61.86%	925	64.96%
Condominium/Townhouse	41,076,646	3.68	73	5.13
2+ Residential Units	3,382,581	0.30	4	0.28
Vacant Residential	10,006,098	0.90	33	2.32
Subtotal Residential	$745,692,579	66.73%	1,035	72.68%
Total	$1,117,429,723	100.00%	1,424	100.00%

(1) Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Per Parcel Assessed Valuation of Single-Family Homes. The following table sets forth the per parcel assessed valuation of single-family homes in fiscal year 2018-19.

MESA UNION SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single-Family Homes
Fiscal Year 2018-19

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	925	$691,227,254	$747,273	$757,576

2018-18 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	43	4.649%	4.649%	$ 2,523,604	0.365%	0.365%
$100,000 - $199,999	99	10.703	15.351	15,140,155	2.190	2.555
$200,000 - $299,999	61	6.595	21.946	15,491,184	2.241	4.797
$300,000 - $399,999	47	5.081	27.027	16,557,108	2.395	7.192
$400,000 - $499,999	50	5.405	32.432	22,818,273	3.301	10.493
$500,000 - $599,999	48	5.189	37.622	26,513,649	3.836	14.329
$600,000 - $699,999	67	7.243	44.865	44,023,270	6.369	20.698
$700,000 - $799,999	95	10.270	55.135	71,370,920	10.325	31.023
$800,000 - $899,999	114	12.324	67.459	96,750,940	13.997	45.020
$900,000 - $999,999	96	10.378	77.838	90,722,231	13.125	58.145
$1,000,000 - $1,099,999	70	7.568	85.405	73,533,261	10.638	68.783
$1,100,000 - $1,199,999	24	2.595	88.000	27,885,378	4.034	72.817
$1,200,000 - $1,299,999	17	1.838	89.838	21,256,536	3.075	75.892
$1,300,000 - $1,399,999	13	1.405	91.243	17,503,961	2.532	78.424
$1,400,000 - $1,499,999	9	0.973	92.216	13,072,757	1.891	80.316
$1,500,000 - $1,599,999	14	1.514	93.730	21,681,991	3.137	83.452
$1,600,000 - $1,699,999	16	1.730	95.459	26,371,652	3.815	87.268
$1,700,000 - $1,799,999	9	0.973	96.432	15,593,063	2.256	89.523
$1,800,000 - $1,899,999	11	1.189	97.622	20,398,020	2.951	92.474
$1,900,000 - $1,999,999	4	0.432	98.054	7,672,662	1.110	93.584
$2,000,000 and greater	18	1.946	100.000	44,346,639	6.416	100.000
Total	925	100.000%		$691,227,254	100.000%	

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

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

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

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

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

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

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

Typical Tax Rates

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a representative tax rate area during fiscal years 2014-15 through 2018-19.

MESA UNION SCHOOL DISTRICT
Typical Tax Rates (TRA 7-33)(1)
Per $100 of Assessed Valuation
Fiscal Years 2014-15 through 2018-19

	2014-15	2015-16	2016-17	2017-18	2018-19
General	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Mesa Union School District	.045300	.047700	.052200	.052000	.052600
Oxnard Union High School District	.017800	.028200	.022100	.028700	.047500
Ventura Community College District	.017600	.013000	.015500	.015100	.015200
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total All Property Tax Rate	$1.084200	$1.092400	$1.093300	$1.099300	$1.118800
United Water Conservation District	$.018217	$.000530	$.027148	$.026434	$.024886
Total Land and Improvements Tax Rate	$.018217	$.000530	$.027148	$.026434	$.024886

(1) 2018-19 Assessed Valuation of TRA 7-33 is $209,757,183.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies - Teeter Plan

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

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

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

MESA UNION SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2013-14	$2,072,388.80	$18,860.34	0.91%
2014-15	2,357,978.77	19,497.45	0.83
2015-16	2,246,800.74	30,677.22	1.37
2016-17	2,204,800.91	17,879.22	0.81
2017-18	2,288,162.47	17,261.61	0.75

(1) 1% General Fund apportionment. Reflects County-wide delinquency rate.
Source: California Municipal Statistics, Inc.

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Largest Property Owners

The twenty taxpayers in the District with the greatest combined assessed valuation of taxable property on the fiscal year 2018-19 tax roll, and the assessed valuations thereof, are shown below.

The more property (by assessed value) which is owned by a single taxpayer in the District, the greater amount of tax collections are exposed to weaknesses in the taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

MESA UNION SCHOOL DISTRICT
Top Twenty Secured Property Taxpayers
Fiscal Year 2018-19

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total (1)
1.	Mittag Farms & Ranches	Agricultural	$ 31,302,296	2.80%
2.	CA Resources Petroleum Corp.	Oil & Gas	28,479,080	2.55
3.	Santa Clara Avenue Oxnard LP	Agricultural	14,596,096	1.31
4.	Tsuyako N. Nakamura Trust	Agricultural	13,787,492	1.23
5.	Berry Land Management Co.	Agricultural	10,117,343	0.91
6.	Beardsley Associates GP	Agricultural	9,244,322	0.83
7.	Kirschbaum LLC	Agricultural	9,108,075	0.82
8.	Placco LLC	Agricultural	8,118,505	0.73
9.	Camarosa Holdings LLC	Agricultural	7,417,134	0.66
10.	Santa Elena Farms LLC	Agricultural	7,226,480	0.65
11.	AMS Melinda LLC	Agricultural	7,219,251	0.65
12.	Las Posas Country Club	Golf Course	6,747,588	0.60
13.	Plum Vista LP	Agricultural	6,655,674	0.60
14.	Saticoy Country Club	Golf Course	6,621,885	0.59
15.	Los Angeles Avenue Ranch LP	Agricultural	6,467,986	0.58
16.	Seacoast Farms LLC	Agricultural	6,439,015	0.58
17.	Green Hills Ranch LLC	Agricultural	6,367,060	0.57
18.	John C. Orr Trust	Agricultural	6,179,749	0.55
19.	Zip Two LLC	Golf Course	5,657,699	0.51
20.	Arnold & Jerilyn Meyerstein Trust	Agricultural	5,617,334	0.50
			$203,370,064	18.20%

(1) 2018-19 Local Secured Assessed Valuation: $1,117,429,723.
Source: California Municipal Statistics, Inc.

Debt Obligations

Set forth below is a direct and overlapping debt report (the **"Debt Report"**) prepared by California Municipal Statistics, Inc. and with respect to debt dated as of February 1, 2019. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter has reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

MESA UNION SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
(Debt Issued as of February 1, 2019)

2018-19 Assessed Valuation: $1,151,812,250

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 2/1/19**
Metropolitan Water District	0.027%	$ 16,362
Ventura County Community College District	0.854	2,349,333
Oxnard Union High School District	2.642	7,274,932
Mesa Union School District	**100.000**	**6,480,000**(1)
West Camarillo Community Facilities District No. 1	37.564	2,049,762
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$18,170,389
OVERLAPPING GENERAL FUND DEBT:		
Ventura County Certificates of Participation	0.854%	$2,773,621
Ventura County Superintendent of Schools Obligations	0.854	78,739
Oxnard Union High School District Certificates of Participation	2.642	396,908
City of Camarillo General Fund Obligations	3.220	180,481
City of Ventura General Fund Obligations	0.014	3,909
Pleasant Valley Recreation and Park District Certificates of Participation	2.754	347,004
TOTAL OVERLAPPING GENERAL FUND DEBT		$3,780,662
COMBINED TOTAL DEBT		$21,951,051(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($6,480,000) 0.56%
Total Direct and Overlapping Tax and Assessment Debt 1.58%
Combined Total Debt 1.91%

(1) Excludes Series A Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The Series A Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Series A Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Series A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Series A Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series A Bonds, or may cause the Series A Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Series A Bonds to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing March 31, 2020, with the report for the 2018-19 Fiscal Year (the **"Annual Report"**), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the **"MSRB"**). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding refunding general obligation bonds. See "DEBT SERVICE SCHEDULES - Combined Debt Service Schedules" and Appendix B under the heading "FINANCIAL INFORMATION –Existing Debt Obligations – General Obligation Bonds." A review has been made of the District's undertakings pursuant to the Rule and filing requirements in the previous five years. No instances of non-compliance have been identified.

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

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

NO LITIGATION

No litigation is pending or threatened concerning the validity of the Series A Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Series A Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Series A Bonds.

The District may be or may become a party to lawsuits and claims which are unrelated to the Series A Bonds or actions taken with respect to the Series A Bonds and which have arisen in the normal course of operating the District. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. In the opinion of the District, there currently are no uninsured claims or actions pending which could have a material adverse affect on the financial position or operations of the District. The District cannot predict what types of claims may arise in the future.

RATING

Standard & Poor's Investors Service, a subsidiary of Standard & Poor's Corporation ("**Standard & Poor's**") has assigned a rating of "AA-" to the Series A Bonds. The District has provided certain additional information and materials to Standard & Poor's (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such rating reflects only the views of Standard & Poor's and an explanation of the significance of such rating and outlook may be obtained only from Standard & Poor's. There is no assurance that any credit rating given to the Series A Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series A Bonds.

UNDERWRITING

The Series A Bonds were sold to Raymond James & Associates, Inc. (the **"Underwriter"**), pursuant to a bond purchase agreement for the Series A Bonds. The Underwriter has agreed to purchase the Series A Bonds at a price of $4,087,471.55, representing the principal amount of the Series A Bonds, plus net original issue premium of $126,471.55 and less Underwriter's discount of $39,000.00. The Underwriter may offer and sell Series A Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

The reference herein to the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available from the Underwriter and following delivery of the Series A Bonds will be on file at the offices of the Paying Agent in San Francisco, California.

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

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

EXECUTION

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

MESA UNION SCHOOL DISTRICT

By: *________________/s/ Jeff Turner________________*
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

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

General Information

The District was established in 1937 and has boundaries located in portions of the City of Camarillo, the City of San Buenaventura, and an unincorporated area of Ventura County (the "**County**"). The District currently operates one elementary and middle school located on a single campus in the Los Posas Valley, serving grades kindergarten through eight. Enrollment for the 2018-19 school year is 615 students. District students generally attend Oxnard Union High School District for high school years.

Administration

Governing Board. The District is governed by a five-member Board of Trustees that governs all activities related to public K-8 education. Current members of the Board, together with their office and the date their term expires, are listed below.

Name	Office	Term Expires
Mary Crull	President	November 2020
Dr. Neil Canby	Vice President	November 2022
Krista Nowak	Clerk	November 2022
Steve Sullivan	Member	November 2020
Roddie Villa	Member	November 2022

Superintendent and Administrative Personnel. The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Jeff Turner is the District's Superintendent.

Recent Enrollment Trends

The following table shows recent enrollment history for the District.

ANNUAL ENROLLMENT
Fiscal Years 2006-07 through 2019-20 (Projected)
Mesa Union School District

School Year	Enrollment	% Change
2006-07	576	--%
2007-08	581	0.9
2008-09	584	0.5
2009-10	602	3.1
2010-11	606	0.7
2011-12	631	4.1
2012-13	665	5.4
2013-14	650	(2.3)
2014-15	626	(3.7)
2015-16	604	(3.5)
2016-17	612	1.3
2017-18	617	0.8
2018-19*	615	(0.3)
2019-20*	617	0.3

* First Interim/Budgeted.
Source: Mesa Union School District.

The District sponsors one independent, non-classroom based charter school, known as Golden Valley Charter School. The Charter School serves students in grades kindergarten through twelve.

Employee Relations

The District has 31.3 full time equivalent (**"FTE"**) certificated employees, 25.1 FTE classified employees and 2.0 management/Supervisor/Confidential FTE employees. Certificated and classified employees are represented by employee bargaining units as follows:

Name of Bargaining Unit	Current Contract Expiration Date
Mesa Union Teachers Association	June 2020
Mesa Union Support Team	June 2020

Source: Mesa Union School District.

Insurance - Joint Powers Agreements

The District participates in three joint power agreement ("**JPA**") entities, Ventura County Schools Self-Funding Authority ("**VCSSFA**"), Ventura County Schools Business Services Authority ("**VCSBSA**") and Self-Insured Schools of California ("**SISC**"). VCSSFA provides workers' compensation, property and liability coverage for its member school districts through a varying combination of coverage. The District pays a contribution commensurate with the level of coverage requested. VCSBSA was established April 1, 1988 for the purpose of providing school business services for participating public agencies. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. VCSSFA, VCSBSA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

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

DISTRICT FINANCIAL INFORMATION

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

Education Funding Generally

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

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

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

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

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

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

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

The LCFF was implemented for fiscal year 2013-14 and is being phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap. Full implementation occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year.

Funding levels used in the LCFF "Target Entitlement" calculations for fiscal year 2018-19 are set forth in the following table.

Fiscal Year 2018-19 Base Grant* Under LCFF by Grade Span
(Targeted Entitlement)

Grade Span	2017-18 Base Grant Per ADA	2018-19 COLA (3.70%)	Grade Span Adjustments (K-3: 10.4%; 9-12: 2.6%)	2018-19 Base Grant/Adjusted Base Grant Per ADA
K-3	$7,193	$266	$776	$8,235
4-6	7,301	270	n/a	7,571
7-8	7,518	278	n/a	7,796
9-12	8,712	322	235	9,269

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

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

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

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

District Accounting Practices

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

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX A – Audited Financial Statements of the District for Fiscal Year Ending June 30, 2018 – Note 1 - Significant Accounting Policies" herein.

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

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

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2018 Audited Financial Statements were prepared by CliftonLarsonAllen LLP, Glendora, and are attached hereto as Appendix A. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Associate Superintendent, Administrative Services of the District, Mesa Union School District, Superintendent's Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. The District has not requested, and the auditor has not provided, any review or update of such Financial Statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. This District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The District's General Fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following table shows the audited income and expense statements for the District's General Fund for the fiscal years 2013-14 through 2017-18.

SUMMARY OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2013-14 through 2017-18
Mesa Union School District

	Audited 2013-14	Audited 2014-15	Audited 2015-16	Audited 2016-17	Audited 2017-18
Revenues					
LCFF sources:					
State apportionment	$2,896,472	$3,217,421	$3,304,055	$3,615,002	$3,592,922
Local sources	969,513	1,032,937	1,216,148	1,070,637	1,233,755
Federal revenues	239,315	334,383	304,521	287,993	254,395
Other state revenues	373,260	233,941	664,608	457,022	661,727
Other local revenues	593,249	803,817	777,143	903,676	756,403
Total Revenues	5,071,809	5,622,499	6,266,475	6,334,330	6,499,202
Expenditures					
Instruction	2,905,353	3,181,108	3,537,669	3,723,644	4,033,775
Instruction-related services	486,558	501,291	484,691	569,390	577,240
Pupil services	317,015	291,448	310,567	384,241	422,940
Ancillary services	1,692	1,778	1,979	2,040	--
General administration	401,923	405,552	500,787	539,932	566,831
Plant services	416,853	502,119	530,375	636,374	1,006,164
Other outgo	191,783	654,453	694,741	619,980	442,334
Debt Service	--	--	--	--	--
Total Expenditures	4,721,177	5,537,749	6,060,809	6,475,601	7,049,284
Excess of Revenues Over/(Under) Expenditures	350,632	84,750	205,666	(141,271)	(550,082)
Other Financing Sources (Uses)					
Operating transfers in	--	--	--	--	--
Operating transfers out	--	--	--	--	--
Total Other Fin. Source(Uses)	--	--	--	--	--
Net change in fund balance	350,632	84,750	205,666	(141,271)	(550,082)
Fund Balance, July 1	1,508,625	1,859,257	1,944,007	2,149,673	2,008,402
Fund Balance, June 30	$1,859,257	$1,944,007	$2,149,673	$2,008,402	$1,458,320

Source: Mesa Union School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

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

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

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

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

A State law adopted in 1991 ("**A**.**B**. **1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification.

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

- ***Positive certification*** - the school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

- ***Negative certification*** - the school district will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year.

- ***Qualified certification*** - the school district may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

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

District's Budget Approval/Disapproval and Certification History. During the past five years, each of the District's adopted budgets has been approved by the County Superintendent and the District has certified each of its interim reports as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the District Office at 3901 North Mesa School Road, Somis, California 93066, telephone (805) 485-1411. The District may impose charges for copying, mailing and handling.

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

MESA UNION SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance(1)
Fiscal Year 2018-19 Adopted Budget
and Fiscal Year 2018-19 First Interim Projections

Revenues	**Adopted Budget 2018-19**	**First Interim Projections Fiscal Year 2018-19**
LCFF Sources	$5,158,708	$5,166,605
Federal Revenues	336,371	392,890
Other State Revenues	229,320	259,576
Other Local Revenues	661,038	771,450
Total Revenues	6,385,437	6,590,521
Expenditures		
Certificated Salaries	2,566,458	2,584,430
Classified Salaries	813,880	912,262
Employee Benefits	1,218,613	1,209,034
Books and Supplies	255,704	313,475
Services and Other Operating Expenditures	862,604	907,068
Capital Outlay	100,000	14,239
Other Outgo (Excluding Indirect Costs)	442,834	446,588
Other Outgo – Transfers of Indirect Costs	(4,296)	(4,296)
Total Expenditures	6,255,797	6,382,800
Excess of Revenues Over/(Under) Expenditures	129,640	207,721
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	--	(100,000)
Other Sources	--	--
Total Other Financing Sources (Uses)	--	(100,000)
Net Change In Fund Balance	129,640	107,721
Fund Balance, July 1	1,263,370	1,358,565
Fund Balance, June 30	$1,393,010	$1,466,286

(1) Columns may not add to totals due to rounding.
Source: Mesa Union School District.

District Reserves. In general, the State requires that California school districts of the size of the District maintain the equivalent of 4% of annual general fund expenditures in reserve to be available during financial crisis. The District has historically had a reserve in excess of the 4%.

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

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

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

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Attendance - Revenue Limit and LCFF Funding

As described herein, prior to fiscal year 2013-14, school districts in California derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental and concentration funding based on Targeted Student enrollment (unduplicated count) and funding based on an economic recovery target.

Total Funding Trends Under LCFF. The following table sets forth historical LCFF funding for the District for fiscal year 2013-14 through 2018-19 (Budgeted), together with ADA.

ADA AND LCFF FUNDING
Fiscal Years 2013-14 through 2018-19 (Projected)
Mesa Union School District

Fiscal Year	ADA[1]	Total Funding Trends Under LCFF
2013-14	626	$2,896,472
2014-15	604	3,217,421
2015-16	582	3,304,055
2016-17	589	3,615,002
2017-18	593	4,826,677
2018-19[1]	590	5,166,605

(1) First Interim Projections.
Source: Mesa Union School District.

Unduplicated Count. The District has a Target Student unduplicated count of approximately 41 percent in fiscal year 2018-19. Because this percentage is under 55 percent, the District does not qualify for concentration funding under LCFF.

Revenue Sources

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

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

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

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code.

Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it was entitled to. Furthermore, if a school district's share of local property tax revenues exceeded the revenue limit, the school district was deemed a "Basic Aid" district, and entitled to keep the full share of local property taxes, even if they exceeded the revenue limit which would have been provided through State funding.

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

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

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

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS - State Funding of Education."

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

District Retirement Systems

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

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year.

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

STRS Contributions
Mesa Union School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount
2013-14	$186,483
2014-15	202,533
2015-16	251,913
2016-17	307,324
2017-18	378,651
2018-19(1)	425,844

(1) First Interim Projections.
Source: Mesa Union School District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately $107.3 billion as of June 30, 2017 (the date of the last actuarial valuation). In connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**), which represents a legislative effort to address the unfunded liabilities of the STRS pension plan. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 10.73%, 12.58%, 14.43% and 16.28% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2019-20 through 2022-23

Fiscal Year	Employer Contribution Rate[1]
2019-20	18.13%
2020-21	19.10
2021-22[2]	18.60
2022-23[2]	18.10

(1) Expressed as a percentage of covered payroll.
(2) The employer contribution rate is projected to decrease in fiscal years 2021-22 and 2022-23. Projections may change based on actual experience.
Source: AB 1469.

Based upon the recommendation from its actuary, for Fiscal Year 2021-2022 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "**STRS Board**"), is required to increase or decrease the employer contribution rate to reflect the contribution required to eliminate the remaining unfunded actuarial obligation with respect to service credited to members of the STRS plan before July 1, 2014 (the "**2014 Liability**") by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which employees' contributions to the STRS plan are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, A.B. 1469 also requires the STRS Board to report to the State legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS plan and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for employers and the State in order to eliminate the 2014 Liability.

On February 14, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation as of June 30, 2016. The revised actuarial assumptions include (i) decreasing the investment rate of return to 7.25% and then to 7.00%, for the June 30, 2016 and June 30, 2017 actuarial valuations, respectively, (ii) decreasing projected wage growth to 3.50% (from 3.75%), and (iii) decreasing the inflation factor to 2.75% (from 3.00%).

The State also contributes to STRS, currently in an amount equal to 6.828% of teacher payroll in Fiscal Year 2017-2018. Based upon the recommendation from its actuary, for Fiscal Year 2017-2018 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the **"SBPA"**), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

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

PERS Contributions
Mesa Union School District
Fiscal Years 2013-14 through 2018-19 (Projected)

Fiscal Year	Amount
2013-14	$64,306
2014-15	67,276
2015-16	67,045
2016-17	88,779
2017-18	105,967
2018-19[1]	137,157

(1) First Interim Projections.
Source: Mesa Union School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $23.6 billion as of June 30, 2017 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next three years according to the following schedule.

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

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

Source: PERS.

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

The District's employer contribution rates for fiscal years 2015-16, 2016-17, 2017-18, and 2018-19 were 11.847%, 13.888%, 15.531%, and 18.062% respectively. Projected employer contribution rates for school districts (including the District) for fiscal year 2019-20 through fiscal year 2022-23 are set forth in the following table.

PROJECTED EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2022-23[(1)]

Fiscal Year	Employer Contribution Rate[(2)]
2019-20	20.800%
2020-21	23.500
2021-22	24.600
2022-23	25.300

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

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

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

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

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

Additional Information. Additional information regarding the District's retirement programs is available in Note 10 to the District's audited financial statements attached to the Official Statement as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

The District does not provide other post-employment benefits (**"OPEB"**) to employees that were hired on or after January 1, 1999. The District has some liability relating to OPEB for retired employees who (1) were hired prior to January 1, 1999, and (2) had been a full-time employee of the District for at least 15 consecutive years prior to retirement. The retiree benefits terminate when the retiree reaches the age of 65.

Following are the maximum amounts that the District contributes towards the premium for eligible retirees:

- Hire date after August 1, 1985 and prior to September 1, 1996: The District pays up to a maximum of $1,500 annually towards the benefits. There are currently four employees who may be eligible to retire under this plan.

- Hire date after September 1, 1996 and prior to January 1, 1999: The District pays up to a maximum of $1,000 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.

District contributions for post-employment health care benefits were $10,037 for fiscal year 2017-18. Because the potential future liability related to the post-employment benefits plan is not material to the financial statements, it is not included in long-term debt.

Existing Debt Obligations

In addition to debt relating to pensions, the District has two series of refunding general obligation bonds outstanding. The District has never defaulted on the payment of principal or interest on any of its indebtedness. The following table summarizes the District's outstanding General Obligation bonds indebtedness.

MESA UNION SCHOOL DISTRICT
Outstanding General Obligation Bonds

Issue Date	Original Principal Amount	Name of Issue	Final Maturity	Amount Outstanding March 1, 2019
09/13/2011	$3,565,000.00	2011 General Obligation Refunding Bonds	08/01/27	$2,800,000.00
12/31/2014	3,855,000.00	2014 Refunding General Obligation Bonds	08/01/33	3,680,000.00
Total	$7,420,000.00			$6,480,000.00

Source: Mesa Union School District.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the Ventura County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning County investments, access the County's website at www.ventura.org and access the link to the Department of the Treasurer-Tax Collector, and the links to "Investment Policy" and "Portfolio". The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. The most recent Investment Policy adopted by the Board of Supervisors of the County is attached hereto as Appendix G.

Effect of State Budget on Revenues

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

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

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

State Funding of Education

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

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

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

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

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

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

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

Recent State Budgets

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

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

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

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques*.* Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. Although the fiscal year 2018-19 State budget is balanced and projects a balanced budget for the foreseeable future, largely attributable to the additional revenues generated due to the passage of Proposition 30 at the November 2, 2012 statewide election and Proposition 55 at the November 8, 2016 statewide election, there can be no certainty that budget-cutting strategies such as those used in recent years will not be used in the future should the State budget again be stressed and if projections included in such budget do not materialize.

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

2018-19 State Budget

On June 27, 2018, the Governor signed the 2018-19 State budget (the "**2018-19 State Budget**") into law. The 2018-19 State Budget calls for total spending of $199.7 billion, with $137.7 billion in general fund spending. The 2018-19 State Budget provides for $78.4 billion of funding through Proposition 98, the primary source of funding for K-12 school districts and community college districts, an increase of $3.9 billion, or 5.2%, from the 2017-18 State budget. Of that $78.4 billion, $61.0 billion will be distributed to K-12 school districts through the LCFF, which will be fully funded during fiscal year 2018-19, restoring every school district in the State to at least pre-recession funding levels.

The 2018-19 State Budget continues to build State reserves, with the rainy-day fund balance projected to grow to $13.8 billion by the end of the budget year, its constitutional maximum. Additionally, revenues have been set aside in new savings funds, including a $200 million reserve for safety net programs. Other significant features of the 2018-19 State Budget include:

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

- $1 billion in federal and state funds, over four years, for early childhood programs, including the addition of placement for 13,400 child-care and 2,947 preschool children, and $450 million to reduce the number of children living in deep poverty;

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

- $54 million for county offices of education to support school districts needing additional assistance, as determined based on multiple performance indicators;

- $100 million for local fire response, including $32.9 million to backfill property tax revenue losses that cities, counties and districts incurred in fiscal year 2017-18 and will incur in fiscal year 2018-19 from wildfires, mudslides and other natural disasters, and a hold harmless provision allowing local education agencies to recoup revenue that has been lost due to declines in average daily attendance that are directly associated with these disasters;

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

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

2019-20 Proposed State Budget

On January 10, 2019, the Governor released the proposed State budget for fiscal year 2019-20 (the **"2019-20 Proposed Budget"**). The 2019-20 Proposed Budget projects general fund revenues in fiscal year 2018-19 of approximately $149.3 billion (including a prior year balance of approximately $12.4 billion) and expenditures of approximately $144.1 billion. For fiscal year 2019-20, the 2019-20 Proposed Budget projects general fund revenues of $147.9 billion (including a prior year transfer of approximately $5.2 billion) and authorizes expenditures of $144.2 billion. The 2019-20 Proposed Budget continues to build State reserves to manage the impacts of future economic downturns, with $2.3 billion in a Special Fund for Economic Uncertainties, $15.3 billion in the "Rainy Day Fund," and $900 million in a Safety Net Reserve Fund. The 2019-20 Proposed Budget notes that additional deposits to the Rainy Day Fund will be made in reliance on a recent opinion by the California Office of Legislative Counsel, which concluded that supplemental payments made in prior fiscal years do not count towards calculating the Rainy Day Fund's constitutional maximum of 10%, and projects bringing the Rainy Day Fund to $19.4 billion by 2022-23.

The 2019-20 Proposed Budget raises the Proposition 98 minimum funding guarantee for school districts and community college districts to $80.7 billion, a new all-time high, which includes $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% cost-of-living adjustment, and bringing total LFCC funding to $63 billion. To address the rising costs of STRS pensions, the 2019-20 Proposed Budget also includes a $3 billion one-time general fund payment to STRS on behalf of school districts, which is expected to provide immediate relief and reduce the out-year contribution rate by 0.5%. The 2019-20 Proposed State Budget also includes a $750 million one-time general fund payment of $576 million ($186 million is one-time) to support expanded special education services in school districts with a high concentration of special education students.

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

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

Availability of State Budgets. The complete 2018-19 State Budget and 2019-20 Proposed Budget are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the Legislative Analyst Office, and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Series B Bonds.

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

Legal Challenges to State Funding of Education

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

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

Constitutionally Required Funding of Education

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

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article

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

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

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

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

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

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

Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

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

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

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

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

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

Unitary Property

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

Articles XIIIC and XIIID of the California Constitution

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

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

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

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

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

Proposition 98

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

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

Proposition 111

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

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

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

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

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

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

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

Proposition 39

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

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

Proposition 30 and Proposition 55

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

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

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

Proposition 1A and Proposition 22

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

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

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

California Senate Bill 222

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

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 111, 22, 1A, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2018

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MESA UNION SCHOOL DISTRICT
VENTURA COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2018

MESA UNION SCHOOL DISTRICT

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Mesa Union School District
Somis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mesa Union School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules and the combining non-major fund financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Average Daily Attendance (ADA), Schedule of Instructional Time, Reconciliation of the Annual Financial and Budget Report with the Audited Financial Statements, the Notes to the Supplementary Information and the combining non-major fund financial statements 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Mesa Union School District

The History and Organization, Schedule of Financial Trends and Analysis and Schedule of Charter Schools 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 6, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 6, 2018

MESA UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

This section of Mesa Union School District's 2017/18 annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the independent auditor's report at the front of this report and the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Statements

The financial statements presented herein include all of the activities of the Mesa Union School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District as well as all liabilities (including long-term obligations).

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of Accounting.

The *Fund Financial Statements* include statements for the governmental activities.

> The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Governmental funds of the District include:

- General Fund, including the Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Other than Capital Outlay
- Cafeteria Fund
- Capital Facilities Fund (Developer Fees)
- County Schools Facilities Fund
- Bond Interest and Redemption Fund

The District has no *Proprietary Funds*.

The Fiduciary funds are funds where the District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 8. The District excluded these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

The Primary unit of the government is the District.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The total net position of the District was $2.40 million as of June 30, 2018 which is a decrease from the prior year's net position of $2.81 million at June 30, 2017.

- The District recorded a net pension liability of $5.82 million.

- District revenues from all governmental activities were $7.38 million which is a decrease of $236 thousand (3%) from the prior fiscal year.

- District expenses from all governmental activities were $7.80 million which is an increase of $221 thousand (3%) from the prior fiscal year.

- The fund balance of the General Fund (excluding Special Revenue Funds) decreased $516 thousand (28%) from the prior fiscal year resulting in an ending fund balance of $1.36 million. Total revenues increased $155 thousand primarily due to the increase of GAP funding from the state for LCFF revenues, one-time discretionary dollars apportioned by the state, and receipt of the Proposition 39 Clean Energy Jobs monies. Total expenditures increased $584 thousand as a result of the District's negotiated 1% increase on schedule, and 2% off schedule increase in salaries, increased special education expenditures, required maintenance on the District's septic system, and the completion of the District's Clean Energy project.

- Capital Assets decreased $36 thousand from the prior fiscal year (due to depreciation) for a total of $11.36 million.

- The District's net outstanding long-term debt increased to $13.09 million primarily as a result of the District recognizing the increase to its net pension liability.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

These two statements report the changes in the District's net position. Net position is the net between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's enrollment and the condition of the District's facilities.

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

In the *Statement of Net Position* and the *Statement of Activities*, the District's activities are separated as follows:

Governmental activities - All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state apportionment, user fees, interest income, federal, state and local grants finance these activities.

Business-type activities - None at this time.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $2.40 million for the fiscal year ended June 30, 2018. Of this amount, the unrestricted net position was reduced to a negative $3.08 million primarily due to the net pension liability. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions and enabling legislation that limit the governing board's ability to use restricted net position for day-to-day operations. The following analysis, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1: Net Position

	Governmental Activities		
	2018	2017	Difference
Assets			
Current and other assets	$ 2,666,841	$ 3,443,863	$ (777,022)
Capital assets	11,356,234	11,391,876	(35,642)
Total Assets	14,023,075	14,835,739	(812,664)
Deferred outflows of resources			
Deferred charge on refunding	588,160	632,301	(44,141)
Deferred outflows - pensions	1,653,739	901,562	752,177
Total Assets	2,241,899	1,533,863	708,036
Liabilities			
Current liabilities	513,318	798,389	(285,071)
Long-term liabilities	13,094,287	12,559,954	534,333
Total Liabilities	13,607,605	13,358,343	249,262
Deferred inflows of resources			
Deferred inflows - pensions	262,181	198,313	63,868
Net position			
Net investment in capital assets	4,079,579	4,436,526	(356,947)
Restricted	1,397,070	795,624	601,446
Unrestricted	(3,081,461)	(2,419,204)	(662,257)
Total Net Position	$ 2,395,188	$ 2,812,946	$ (417,758)

Governmental Activities

The results of this year's operations for the District as a whole are reported in the Government-wide Statement of Activities on page 3. Table 2 takes the information from the statement and rearranges them slightly in order to see the total revenues, expenses, and change in net position for the year. The revenues from all governmental sources were $7.38 million and the cost of all governmental activities was $7.80 million, resulting in a decrease in net position of $418 thousand.

Table 2: Governmental Activities

	Governmental Activities		
	2018	2017	Difference
Revenues			
Program revenues:			
Charges for services	$ 117,000	$ 75,072	$ 41,928
Operating grants and contributions	1,482,391	1,319,039	163,352
General revenues:			
Federal and state aid (unrestricted)	2,518,823	2,536,842	(18,019)
Property taxes	3,109,910	2,961,903	148,007
Other general revenues	151,958	250,523	(98,565)
Total Revenues	7,380,082	7,143,379	236,703
Services (Functions)			
Instruction	4,171,852	3,766,266	405,586
Instruction-related services	602,205	584,024	18,181
Pupil services	624,132	553,350	70,782
Ancillary services	-	2,204	(2,204)
General administration	590,495	539,634	50,861
Plant services	501,529	635,170	(133,641)
Other outgo	442,334	619,980	(177,646)
Debt service - interest	301,775	313,441	(11,666)
Depreciation (unallocated)	563,518	562,137	1,381
Total Expenses	7,797,840	7,576,206	221,634
Change in Net Position	$ (417,758)	$ (432,827)	$ 15,069

GOVERNMENTAL FUNDS

As the District completed this year, the governmental funds reported a combined fund balance of $2.28 million, which is a decrease from last year of $497 thousand (18%) as shown in Table 3.

Table 3: Fund Balance

Fund Balances	June 30, 2018	June 30, 2017	Difference
Major Governmental Funds:			
General Fund	$ 1,358,565	$ 1,874,891	$ (516,326)
Deferred Maintenance Fund	17,756	52,492	(34,736)
Pupil Transportation Equipment Fund	20,364	20,118	246
Special Reserve Fund for Non-Capital Outlay	61,635	60,901	734
Total General Fund *	1,458,320	2,008,402	(550,082)
Bond Interest and Redemption Fund	575,097	545,462	29,635
Non-Major Governmental Funds:			
Cafeteria Fund	102,313	83,581	18,732
Capital Facilities Fund	87,141	82,932	4,209
County School Facilities Fund	53,396	52,759	637
Total Fund Balances	$ 2,276,267	$ 2,773,136	$ (496,869)

*GASB 54 requires that special revenue funds without an independent, restricted funding source be included in the District's General Fund.

The Total General Fund Balance (including GASB 54 revenue funds) decreased $550 thousand (27%) due to:

- The principal operating fund balance (General Fund excluding GASB 54 revenue funds) decreased $516 thousand (28%). The expenditures in the Unrestricted General Fund exceeded revenue and other uses primarily due to the increase in maintenance expenditures, textbook adoption for English Language Arts and the continued implementation of one-to-one technology devices for students.

- The decrease of $35 thousand in the Deferred Maintenance Fund is due to expenditures for the replacement of carpeting throughout portions of Mesa's campus.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as changes in revenues and expenditures become known. Table 4 compares the District's original adopted budget for the General Fund with the amounts actually paid and received for 2017/18.

Table 4: General Fund Comparison

	Original Budget	Final Budget	Actuals	Difference Actuals vs Final Budget
Revenues				
Local control funding formula sources	$ 4,866,251	$ 4,832,317	$ 4,826,677	$ (5,640)
Federal sources	294,360	277,057	254,395	(22,662)
Other state sources	376,192	663,163	661,727	(1,436)
Other local sources	668,440	766,630	755,163	(11,467)
Total Revenues	6,205,243	6,539,167	6,497,962	(41,205)
Expenditures				
Certificated salaries	2,383,902	2,636,931	2,632,866	(4,065)
Classified salaries	741,894	862,218	862,218	-
Employee benefits	1,072,671	1,343,014	1,323,059	(19,955)
Books and supplies	344,999	356,632	304,237	(52,395)
Services and other operating expenditures	1,224,141	998,651	998,651	-
Capital outlay	-	469,411	454,574	(14,837)
Other outgo	594,871	442,538	438,683	(3,855)
Total Expenditures	6,362,478	7,109,395	7,014,288	(95,107)
Net Change in Fund Balance	(157,235)	(570,228)	(516,326)	53,902
Beginning Fund Balance	1,629,670	1,874,891	1,874,891	-
Ending Fund Balance	$ 1,472,435	$ 1,304,663	$ 1,358,565	$ 53,902

This schedule is for the General Fund only for all years. The Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Non-Capital Outlay have not been included.

1. Actual revenues for 2017/18 increased $293 thousand (5%) compared to the original adopted budget projections due to the following:

   a. LCFF revenue constitutes 74% of District revenues. This includes state aid, Education Protection Account monies, and local revenue from property taxes. State aid was equal to $2.78 million, Education Protection Account distributions were $772 thousand, and gross property tax revenues were $2.51 million less in-lieu taxes distributed to Golden Valley Charter School (GVCS) of $1.28 million. The District experienced a decrease between the adopted budget and the actuals of $40 thousand as a result of lower than anticipated average daily attendance.

   b. Federal revenues declined by almost $40 thousand due to the reduction in Title I and Title III funds.

   c. State revenue increased $286 thousand due primarily to recording on-behalf payments to State Teachers Retirement System (STRS) and the one-time reimbursement of past mandate claims.

   d. Local revenue increased $87 thousand due to an increase in interest revenue, one-time SELPA transfers, and an increase in locally unrestricted miscellaneous revenue as a result of an interagency service agreement with Somis Union School District.

2. Actual expenditures were $652 thousand (10%) more than the expenditures included in the original adopted budget. The difference is primarily due to the following:

   a. Salaries and benefits increased $620 thousand primarily due to normal step/column increases, a negotiated increase of 1% on schedule and 2% off schedule, the hiring of a special education teacher and speech therapist, and the recording of state on-behalf payments to STRS.

   b. Supplies decreased by $41 thousand because the cost for the District's textbook adoption was less than anticipated as was the expenditures for maintenance materials and supplies.

   c. Services and other operating costs were down $225 thousand from the projection at budget adoption primarily due to the reclassification of Proposition 39 Clean Energy expenses as capital expenditures.

   d. Capital outlay increased by $455 thousand as a result of the reclassification of Proposition 39 Clean Energy Expenses and the replacement of the District's septic system.

   e. Other outgo decreased $156 thousand as a result of decreased special education excess costs paid to the Ventura County Office of Education and to the Pleasant Valley School District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the District had $11.36 million in a broad range of capital assets (net of depreciation), including land, buildings, and equipment as shown in Table 5 below. This amounts represents a net decrease (including additions, deductions, and depreciation) of $36 thousand over the prior year. More detailed information about the District's capital assets is presented in Note 7 of the financial statements.

Table 5: Capital Assets (Net of Depreciation)

	Governmental Activities		
Capital Assets (Net of Depreciation)	2018	2017	Difference
Land	$ 1,967,726	$ 1,967,726	$ -
Work in progress	21,873	17,924	3,949
Site improvements	3,941,515	4,062,196	(120,681)
Buildings	5,326,653	5,228,718	97,935
Equipment	98,467	115,312	(16,845)
Total Capital Assets (Net of Depreciation)	$ 11,356,234	$ 11,391,876	$ (35,642)

Long-Term Liabilities

The District had a total of $13.09 million in long-term liabilities which included $7.28 million for outstanding general obligation bonds and $5.82 million in net pension liability as of June 30, 2018, as shown on the following Table 6. More detailed information about the District's long-term obligations is presented in Note 8 to the financial statements.

Table 6: Long-Term Liabilities

	Governmental Activities		
Long-Term Liabilities	2018	2017	Difference
General obligation bonds (including bond discount & premium)	$ 7,276,655	$ 7,587,651	$ (310,996)
Net pension liability	5,817,632	4,972,303	845,329
Total Long-Term Liabilities	$ 13,094,287	$ 12,559,954	$ 534,333

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the District's Budget for the 2018/19 fiscal year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. LCFF unduplicated pupil count is approximately 43%.

2. One time discretionary funds of $147 at District's budget adoption.

3. At budget adoption, enrollment projections were estimated to be 621 students.

4. Budget development based upon the District's Local Control Accountability Plan which includes adoption of common core aligned supplementary materials, the continuing implementation of the District's Technology Plan, the development of an in-house after school program, and on-going maintenance and repairs.

Multi-year projections for expenditures are based on the following forecasts:

MYP Budget Assumptions				
Factor	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Statutory COLA	1.56%	3.0%*	2.57%	2.67%
Gap Funding	45.17%	100.00%	100.00%	100.00%
Projected Enrollment	617	620	624	628
Unduplicated Pupil Count	271	272	272	272
Unduplicated Pupil Count Percentage	42.00%	43.25%	43.88%	43.68%
Projected P-2 ADA	593.12	595.06	598.78	602.63
Funded ADA	593.12	595.06	598.78	602.6
Classroom FTEs	27.80	27.80	27.8	27.8
Instruction Days	180	180	180	180
CPI	3.18%	3.58%	3.36%	3.23%
Lottery - Unrestricted	$146	$146	$146	$146
Lottery - Restricted	$48	$48	$48	$48
Mandate Block Grant	$30.34	$31.16	$31.16	$31.16
One-time Discretionary Funds per ADA	$147	$147*	N/A	N/A
CalPERS Employer Rate	15.531%	18.062%	20.80%	23.50%
CalSTRS Employer Rate	14.43%	16.28%	18.13%	19.10%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official, at Ventura County Schools Business Services Authority, Camarillo, California, 93012, (805) 383-1972 or e-mail at tpeterson@vcoe.org.

FINANCIAL SECTION

MESA UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
Assets	
Cash in county treasury	$ 2,237,446
Cash and cash equivalents	12,258
Accounts receivable	409,895
Inventory	7,242
Land	1,967,726
Work in progress	21,873
Depreciable assets, net	9,366,635
Total Assets	14,023,075
Deferred Outflows of Resources	
Deferred charge on refunding	588,160
Deferred outflows - pensions	1,653,739
Total Deferred Outflows of Resources	2,241,899
Liabilities	
Accounts payable	379,294
Accrued interest	122,744
Unearned revenue	11,280
Current portion of long-term liabilities	310,000
Non-current portion of long term liabilities	12,784,287
Total Liabilities	13,607,605
Deferred Inflows of Resources	
Deferred inflows - pensions	262,181
Net Position	
Net investment in capital assets	4,079,579
Restricted for:	
Capital projects	140,537
Debt service	1,040,513
Educational programs	113,707
Other purposes	102,313
Unrestricted	(3,081,461)
Total Net Position	$ 2,395,188

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 4,171,852	$ 43,239	$ 537,517	$ (3,591,096)
Instruction - related services	602,205	1,698	47,902	(552,605)
Pupil services	624,132	55,960	326,647	(241,525)
General administration	590,495	1,352	27,604	(561,539)
Plant services	501,529	-	226,155	(275,374)
Other outgo	442,334	14,751	316,566	(111,017)
Debt service - interest	301,775	-	-	(301,775)
Depreciation (unallocated)	563,518	-	-	(563,518)
Total Governmental Activities	$ 7,797,840	$ 117,000	$ 1,482,391	(6,198,449)
General Revenues				
Property taxes levied for				
General purposes				2,511,224
Debt service				598,686
Federal and state aid not restricted to specific purposes				2,518,823
Interest and investment earnings				31,209
Interagency revenues				50,577
Miscellaneous				70,172
Total General Revenues				5,780,691
Change in net position				(417,758)
Net Position - Beginning of Year				2,812,946
Net Position - End of Year				$ 2,395,188

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash in county treasury	$ 1,456,408	$ 573,102	$ 207,936	$ 2,237,446
Cash and cash equivalents	9,018	-	3,240	12,258
Accounts receivable	374,044	1,995	33,856	409,895
Inventory	-	-	7,242	7,242
Due from other funds	3,651	-	-	3,651
Total Assets	$ 1,843,121	$ 575,097	$ 252,274	$ 2,670,492
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 376,177	$ -	$ 3,117	$ 379,294
Due to other funds	-	-	3,651	3,651
Unearned revenue	8,624	-	2,656	11,280
Total Liabilities	384,801	-	9,424	394,225
Fund Balances				
Nonspendable	1,000	-	7,242	8,242
Restricted	113,707	575,097	235,608	924,412
Committed	99,755	-	-	99,755
Unassigned	1,243,858	-	-	1,243,858
Total Fund Balances	1,458,320	575,097	242,850	2,276,267
Total Liabilities and Fund Balances	$ 1,843,121	$ 575,097	$ 252,274	$ 2,670,492

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances - governmental funds		$ 2,276,267
Amounts reported for governmental funds are different than the statement of net position because:		
Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds. These assets consist of:		
Land	$ 1,967,726	
Work in progress	21,873	
Depreciable assets, net	9,366,635	11,356,234
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
General obligation bonds	(7,276,655)	
Net pension liability	(5,817,632)	(13,094,287)
In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:		
Deferred charge on refunding	588,160	
Deferred outflows - pensions	1,653,739	
Deferred inflows - pensions	(262,181)	1,979,718
Interest expense related to general obligation bonds was incurred but not accrued through June 30, 2018.		(122,744)
Total net position - governmental activities		$ 2,395,188

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the Fiscal Year Ended June 30, 2018

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula sources:				
State apportionments	$ 3,592,922	$ -	$ -	$ 3,592,922
Local sources	1,233,755	-	-	1,233,755
Total local control funding formula sources	4,826,677	-	-	4,826,677
Federal sources	254,395	-	143,184	397,579
Other state sources	661,727	2,822	10,273	674,822
Other local sources	756,403	600,361	55,499	1,412,263
Total Revenues	6,499,202	603,183	208,956	7,311,341
Expenditures				
Instruction	4,033,775	-	-	4,033,775
Instruction - related services	577,240	-	-	577,240
Pupil services	422,940	-	175,512	598,452
General administration	566,831	-	3,753	570,584
Plant services	1,006,164	-	6,113	1,012,277
Other outgo	442,334	-	-	442,334
Debt service	-	573,548	-	573,548
Total Expenditures	7,049,284	573,548	185,378	7,808,210
Net changes in fund balance	(550,082)	29,635	23,578	(496,869)
Fund Balances at Beginning of Year	2,008,402	545,462	219,272	2,773,136
Fund Balances at End of Year	$ 1,458,320	$ 575,097	$ 242,850	$ 2,276,267

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Net change in fund balances - total governmental funds		$ (496,869)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 529,902	
Loss on disposal of assets	(2,026)	
Depreciation expense	(563,518)	(35,642)
Repayment of general obligation bonds is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		270,000
In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contribution was:		(157,020)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:		
Decrease in accrued interest	4,918	
Bond premium, current year amortization	40,996	
Deferred charge on refunding, current year amortization	(44,141)	1,773
Change in net position of governmental activities		$ (417,758)

See accompanying notes to the financial statements.

MESA UNION SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

	Associated Student Body Fund
Assets	
Cash and cash equivalents	$ 5,251
Total Assets	5,251
Liabilities	
Funds held in trust	5,251
Total Liabilities	$ 5,251

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the District as a whole. These statements include the financial activities of the primary government. Fiduciary funds are excluded.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation and interest expense have not been allocated to specific functions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction: includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services: includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services: includes home to school transportation, food services, and other pupil services.

General Administration: includes data processing services and all other general administration services.

Plant Services: includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo: includes transfers to other agencies.

Debt Service: includes principal and interest payments for long term debt.

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The Statement of Revenues, Expenditures and Changes in Fund Balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those required to be accounted for in another fund. The Deferred Maintenance Fund, the Pupil Transportation Fund and the Special Reserve Fund for Other than Capital Outlay no longer meet the definition of a special revenue fund as they are no longer primarily composed of restricted or committed revenue sources. Therefore, all activities of these funds are reported in the General Fund.

Bond Interest and Redemption Fund: used to account for bond interest and redemption of general obligation bond principal.

Governmental Funds – Non-Major

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

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

Capital Projects Funds: used to account for the financial resources that are restricted, committed or assigned for the acquisition and/or construction of major governmental general fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

County School Facilities Fund: used to account for the School Facility Program grant awards for modernization and new construction of various school sites.

Fiduciary Fund

Associated Student Body Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the Mesa Union School student body.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Inventory

Inventory is presented at the lower of cost or market on an average basis and is expensed when used. Inventory consists of expendable supplies held for consumption. At June 30, 2018, the Cafeteria fund had inventory of $7,242 for food.

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Statement of Net Position, but are not reported in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	15-50 years
Furniture	5-15 years

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position by the District that is applicable to a future reporting period.

Deferred Charge on Refunding: The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent eligibility requirements have not been met.

Compensated Absences

Employee vacation benefits are paid in full at the end of each fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. General obligation bonds are reported net of the applicable bond premium or discount.

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 and 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 expenditures.

Net Pension Liability

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position by the District that is applicable to a future reporting period. The deferred inflows of resources related to pensions resulted from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent, at a minimum, 5% of annual operating expenditures and other uses.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on November 1st and February 1st. Unsecured property taxes are payable in one installment on or before August 31st.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state for local control funding formula purposes. Property taxes for debt service purposes cannot be estimated and have, therefore, not been accrued in the government-wide financial statements.

On-Behalf Payments

GAAP requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California. The amount of on-behalf payments made for the District has been recorded in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributed Services

Generally accepted accounting principles require that contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are to be recorded at fair value in the period received. Although the District receives numerous hours of volunteer time, it is not deemed necessary to record these hours on the books of the District based on the above guidelines. In addition, the District receives donations of immaterial equipment and supplies which are not recorded upon receipt.

Estimates

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

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the District Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

The following potential component units have been excluded from the District's reporting entity:

The Mesa Education Foundation: The Foundation is a separate not-for-profit corporation. The Foundation is not included as a component unit because the second and third criterions were not met. Separate financial statements for the Foundation may be obtained through the District.

Parent Faculty Organization (PFO): The PFO is not included as a component unit because the third criterion was not met.

NOTE 2: BUDGETS

By state law, the District Board of Trustees must approve a budget no later than July 1st, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District Board of Trustees satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with GAAP.

These budgets are revised by the District Board of Trustees during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3: DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of June 30, 2018, none of the District's bank balance was exposed to credit risk.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Ventura County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2018 is measured at 100.22% of amortized costs. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635 and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pools sponsor's annual financial report may be obtained from the Ventura County Board of Supervisors, County Government Center, 800 South Victoria Avenue, Ventura, CA 93009.

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 consists of the following:

Accounts Receivable	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal and state	$ 283,999	$ -	$ 28,789	$ 312,788
Miscellaneous	90,045	1,995	5,067	97,107
Total accounts receivable	$ 374,044	$ 1,995	$ 33,856	$ 409,895

NOTE 5: INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2018 are temporary loans and are detailed as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 3,651	$ -
Cafeteria Fund	-	3,651
Total	$ 3,651	$ 3,651

NOTE 6: FUND BALANCES

The following amounts were nonspendable, restricted, committed or unassigned as shown below:

	General Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in revolving fund	$ 1,000	$ -	$ -	$ 1,000
Inventory	-	-	7,242	7,242
Total nonspendable	1,000	-	7,242	8,242
Restricted:				
Legally restricted programs	113,707	-	95,071	208,778
Capital projects	-	-	140,537	140,537
Debt service	-	575,097	-	575,097
Total restricted	113,707	575,097	235,608	924,412
Committed:				
Pupil transportation	20,364	-	-	20,364
Technology and equipment	61,635	-	-	61,635
Deferred maintenance program	17,756	-	-	17,756
Total committed	99,755	-	-	99,755
Unassigned:				
Economic uncertainties	340,384	-	-	340,384
Unassigned	903,474	-	-	903,474
Total unassigned	1,243,858	-	-	1,243,858
Total fund balance	$ 1,458,320	$ 575,097	$ 242,850	$ 2,276,267

NOTE 7: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

Capital asset activity for the year ended June 30, 2018 is shown below.

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 1,967,726	$ -	$ -	$ 1,967,726
Work in progress	17,924	21,873	17,924	21,873
Total capital assets not being depreciated	1,985,650	21,873	17,924	1,989,599
Capital assets being depreciated:				
Site improvements	6,313,462	164,101	-	6,477,563
Buildings	8,182,290	355,739	-	8,538,029
Equipment	789,938	6,113	10,128	785,923
Total capital assets being depreciated	15,285,690	525,953	10,128	15,801,515
Less accumulated depreciation for:				
Site improvements	(2,251,266)	(284,782)	-	(2,536,048)
Buildings	(2,953,572)	(257,804)	-	(3,211,376)
Equipment	(674,626)	(20,932)	(8,102)	(687,456)
Total accumulated depreciation	(5,879,464)	(563,518)	(8,102)	(6,434,880)
Depreciable assets, net	9,406,226	(37,565)	2,026	9,366,635
Governmental activities capital assets, net	$ 11,391,876	$ (15,692)	$ 19,950	$ 11,356,234

NOTE 8: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2018 is shown below.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
General obligation bonds	$ 7,060,000	$ -	$ 270,000	$ 6,790,000	$ 310,000
Premium on general obligation bonds	527,651	-	40,996	486,655	-
Total general obligation bonds	7,587,651	-	310,996	7,276,655	310,000
Net pension liability	4,972,303	845,329	-	5,817,632	-
Total	$ 12,559,954	$ 845,329	$ 310,996	$ 13,094,287	$ 310,000

General obligation bonds are liquidated by the tax assessments recorded in the Bond Interest and Redemption Fund. The net pension liability is liquidated by the General Fund.

NOTE 9: GENERAL OBLIGATION BONDS

On November 5, 2002, $3,900,000 in general obligation bonds were authorized by an election (Measure H) held within the District. The bonds were authorized to finance the acquisition and construction of school facilities of the District, including modernization of the District's existing school and school facilities. In 2003, the District issued bonds, Series A, totaling $3,900,000. In 2011, the District issued a refunding bond to advance refund Series A.

On June 3, 2008, $4,000,000 in general obligation bonds were authorized by an election (Measure A) held within the District. The bonds were authorized to finance the acquisition and construction of school facilities of the District, including modernization of the District's existing school and school facilities. In 2008, the District issued bonds, Series A, totaling $4,000,000. In 2014, the District issued a refunding bond to advance refund a portion of Series A. The balance of the in-substance defeased debt is $3.48 million; approximately $3.57 million was in an escrow account at June 30, 2018 to pay off this debt on August 1, 2018.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

General Obligation Bonds	Date of Issue	Date of Final Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
2002 Measure H:					
2011 Refunding	9/13/2011	8/1/2027	2.0-5.0	$ 3,565,000	$ 2,965,000
2008 Measure A:					
Series A	8/14/2008	8/1/2033	5.25-5.5	4,000,000	115,000
2014 Refunding	12/31/2014	8/1/2033	2.0-5.0	3,855,000	3,710,000
Total				$ 11,420,000	$ 6,790,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest
2019	$ 310,000	$ 287,825
2020	350,000	274,062
2021	400,000	259,062
2022	410,000	242,862
2023	470,000	222,912
2024-2028	2,880,000	684,810
2029-2033	1,590,000	217,292
2034	380,000	7,125
Total	$ 6,790,000	$ 2,195,950

NOTE 9: GENERAL OBLIGATION BONDS

Proceeds received in excess of debt are added to the maturity amount and amortized to interest expense over the life of the liability. The outstanding bonds were issued with total premiums of $703,304. This amount is amortized using the straight-line method. Amortization of $40,996 was recognized during the fiscal year.

The difference between the reacquisition price and the net carrying amount on refunded debt is deferred and amortized as a component of interest expense over the life of the new debt. Payments to the refunding escrow agents exceeded the existing carrying value of the refunded debt by $785,788. This amount is amortized using the straight-line method. Amortization of $44,141 was recognized during the fiscal year.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

As of June 30, 2018, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources and pension expense for each of the retirement plans are as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	$ 4,624,000	$ 1,252,401	$ 203,800	$ 465,450
CalPERS (Schools Pool Plan)	1,193,632	401,338	58,381	201,872
Total	$ 5,817,632	$ 1,653,739	$ 262,181	$ 667,322

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized as follows:

Provisions and Benefits	STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2018 are presented above and the total District contributions were $378,651.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate Share of Net Pension Liability	Balance June 30, 2018
District proportionate share of net pension liability	$ 4,624,000
State's proportionate share of the net pension liability associated with the District	2,735,542
Total	$ 7,359,542

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2017, the District's proportion was 0.0050%.

For the year ended June 30, 2018, the District recognized pension expense of $465,450. In addition, the District recognized revenue and corresponding expense of $275,359 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 378,651	$ -
Differences between expected and actual experience	17,100	80,650
Changes of assumptions	856,650	-
Net differences between projected and actual earnings on pension plan investments	-	123,150
Total	$ 1,252,401	$ 203,800

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the

NOTE 10: EMPLOYEE RETIREMENT PLANS

unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2017 measurement date is seven years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed six years.

The remaining amount will be recognized to pension expense as follows:

Year Ending June 30,	Amortization
2019	$ 25,240
2020	205,090
2021	138,791
2022	18,209
2023	136,995
2024	145,625
Total	$ 669,950

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The

NOTE 10: EMPLOYEE RETIREMENT PLANS

projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Fixed income	12%	0.30%
Absolute return/risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

NOTE 10: EMPLOYEE RETIREMENT PLANS

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 6,789,500
Current discount rate (7.10%)	4,624,000
1% increase (8.10%)	2,866,550

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, CalSTRS completed an experience study for the period starting July 1, 2010 and ending June 30, 2015. The experience study was adopted by the CalSTRS Board in February 2017. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including the discount rate, price inflation, wage growth, mortality assumptions and the mortality tables used in the actuarial valuation of the net pension liability. The changes to the assumptions as a result of the experience study follow:

Assumptions:	As of June 30, 2017	As of June 30, 2016
Investment Rate of Return	7.10%	7.60%
Consumer Price Inflation	2.75%	3.00%
Wage Growth	3.50%	3.75%

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

Provisions and Benefits	Schools Pool Plan (CalPERS)	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018 are as presented above and the total District contributions were $105,967.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $1,193,632. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.0050%.

For the year ended June 30, 2018, the District recognized pension expense of 201,872. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 105,967	$ -
Differences between expected and actual experience	42,763	-
Changes of assumptions	174,349	14,054
Changes in proportion	36,967	44,327
Net differences between projected and actual earnings on pension plan investments	41,292	-
Total	$ 401,338	$ 58,381

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2017 measurement date is 4.0 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 3.0 years.

NOTE 10: EMPLOYEE RETIREMENT PLANS

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2019	$ 53,451
2020	111,683
2021	94,468
2022	(22,612)
Total	$ 236,990

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvements using Scale BB published by the Society of Actuaries.

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

NOTE 10: EMPLOYEE RETIREMENT PLANS

adjusted to account for assumed administrative expenses. 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	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.38%
Fixed income	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and forestland	3%	5.39%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15% and reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 1,756,215
Current discount rate (7.15%)	1,193,632
1% increase (8.15%)	726,922

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, the financial reporting discount rate for the Schools Pool Plan was lowered from 7.65% to 7.15%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 11: POST-EMPLOYMENT BENEFITS

The District provides post-employment health care benefits, in accordance with District employment contracts and District Board policies, to retired employees who were hired prior to January 1, 1999, and had been a full-time employee of the District for at least 15 consecutive years prior to retirement. Retiree benefits are terminated when the retiree reaches the age of 65.

Following are the maximum amounts that the District contributes towards the premium for eligible retirees:

- Hire date after August 1, 1985 and prior to September 1, 1996: The District pays up to a maximum of $1,500 annually towards the benefits. There are currently four employees who may be eligible to retire under this plan.
- Hire date after September 1, 1996 and prior to January 1, 1999: The District pays up to a maximum of $1,000 annually towards the benefits. There are currently three employees who may be eligible to retire under this plan.

Contributions for post-employment health care benefits were $10,037 for 2017-18. The potential future liability related to the post-employment benefits plan has not been included in long term debt as the estimated liability calculated is not material to the financial statements.

NOTE 12: JOINT POWERS AGREEMENTS

The District participates in three joint power agreement (JPA) entities, Ventura County Schools Self-Funding Authority (VCSSFA), Ventura County Schools Business Services Authority (VCSBSA) and Self-Insured Schools of California (SISC). VCSSFA provides workers' compensation, property and liability coverage for its member school districts through a varying combination of coverage. The District pays a contribution commensurate with the level of coverage requested. VCSBSA was established April 1, 1988 for the purpose of providing school business services for participating public agencies. SISC arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

NOTE 12: JOINT POWERS AGREEMENTS

Each JPA is independently accountable for its fiscal matters. VCSSFA, VCSBSA and SISC maintain their own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity.

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

Condensed financial information is as follows:

JPA Condensed Financial Information	VCSSFA (Audited) 6/30/2018	VCSBSA (Audited) 6/30/2018	SISC (Audited) 9/30/2017
Total assets and deferred outflows of resources	$ 118,963,325	$ 1,445,358	$ 540,842,328
Total liabilities and deferred inflows of resources	49,048,669	1,008,249	173,862,442
Net position	$ 69,914,656	$ 437,109	$ 366,979,886
Total revenues	28,128,576	1,429,209	2,089,274,509
Total expenditures	20,805,287	1,328,247	1,984,882,354
Total expenditures	$ 7,323,289	$ 100,962	$ 104,392,155

NOTE 13: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

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

NOTE 13: COMMITMENTS AND CONTINGENCIES

County School Facilities Fund

The District participated in a construction project funded through the Office of Public School Construction. This project is subject to future audits by the state, which may result in adjustments to the fund.

REQUIRED SUPPLEMENTARY INFORMATION

MESA UNION SCHOOL DISTRICT

SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	Budgetary Amounts - General Fund		Actual Amounts	Fund Basis to GAAP (a)	Actual Amounts
	Original	Final (b)	General Fund (b)		GAAP Basis
Revenues					
Local control funding formula sources:					
State apportionments	$ 3,751,834	$ 3,655,263	$ 3,592,922	$ -	$ 3,592,922
Local sources	1,114,417	1,177,054	1,233,755	-	1,233,755
Total local control funding formula sources	4,866,251	4,832,317	4,826,677	-	4,826,677
Federal sources	294,360	277,057	254,395	-	254,395
Other state sources	376,192	663,163	661,727	-	661,727
Other local sources	668,440	766,630	755,163	1,240	756,403
Total Revenues	6,205,243	6,539,167	6,497,962	1,240	6,499,202
Expenditures					
Certificated salaries	2,383,902	2,636,931	2,632,866	-	2,632,866
Classified salaries	741,894	862,218	862,218	-	862,218
Employee benefits	1,072,671	1,343,014	1,323,059	-	1,323,059
Books and supplies	344,999	356,632	304,237	-	304,237
Services and other operating expenditures	1,224,141	998,651	998,651	-	998,651
Capital outlay	-	469,411	454,574	34,996	489,570
Other outgo	594,871	442,538	438,683	-	438,683
Total Expenditures	6,362,478	7,109,395	7,014,288	34,996	7,049,284
Net changes in fund balance	$ (157,235)	$ (570,228)	(516,326)	(33,756)	(550,082)
Fund Balance - Beginning of Year			1,874,891	133,511	2,008,402
Fund Balance - End of Year			$ 1,358,565	$ 99,755	$ 1,458,320

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund, Pupil Transportation Fund, and Special Reserve Fund for Other than Capital Outlay.

(b) Amounts have been revised to reflect the recording of state on-behalf payments to CalSTRS of $206,610

See the accompanying notes to the required supplementary information.

MESA UNION SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2018

State Teachers' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability	0.0050%	0.0050%	0.0050%	0.0050%
District's proportionate share of the net pension liability	$ 2,921,850	$ 3,366,200	$ 4,044,050	$ 4,624,000
State's proportionate share of the net pension liability associated with the District	1,764,357	1,780,344	2,302,544	2,735,542
Total	$ 4,686,207	$ 5,146,544	$ 6,346,594	$ 7,359,542
District's covered payroll	$ 2,260,000	$ 2,281,000	$ 2,348,000	$ 2,443,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	129%	148%	172%	189%
Plan fiduciary net position as a percentage of the total pension liability	77%	74%	70%	69%

California Public Employees' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability	0.0054%	0.0052%	0.0047%	0.0050%
District's proportionate share of the net pension liability	$ 613,031	$ 766,485	$ 928,253	$ 1,193,632
District's covered payroll	$ 562,000	$ 571,500	$ 566,000	$ 639,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	109%	134%	164%	187%
Plan fiduciary net position as a percentage of the total pension liability	83%	79%	74%	72%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

See the accompanying notes to the required supplementary information.

MESA UNION SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2018

State Teachers' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 202,533	$ 251,913	$ 307,324	$ 378,651
Contributions in relation to the contractually required contributions	202,533	251,913	307,324	378,651
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,281,000	$ 2,348,000	$ 2,443,000	$ 2,624,000
Contributions as a percentage of its covered payroll	8.88%	10.73%	12.58%	14.43%

California Public Employees' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 67,276	$ 67,045	$ 88,779	$ 105,967
Contributions in relation to the contractually required contributions	67,276	67,045	88,779	105,967
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 571,500	$ 566,000	$ 639,000	$ 682,000
Contributions as a percentage of its covered payroll	11.77%	11.85%	13.89%	15.53%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not presented retroactively. Years will be added to this schedule as future data becomes available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison For The General Fund

A budgetary comparison is presented for the general fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year end, actual amounts at fiscal year end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (GAAP).

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of expenditures over appropriations in the General Fund.

SUPPLEMENTARY INFORMATION

MESA UNION SCHOOL DISTRICT

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2018

The Mesa Union School District was established in 1873 and is located in Ventura County. There were no changes in the boundaries of the District during the current year. The District is currently operating one elementary school consisting of kindergarten through eighth grade. The District also sponsors Golden Valley Charter School, an independent, non-classroom based program serving kindergarten through twelfth grade students.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2018 were as follows:

BOARD OF TRUSTEES

Member	Office	Term Expires
Bryan Stotko	President	December 2018
Mary Crull	Vice President	December 2020
Tonya Brunett	Clerk	December 2018
Steven Sullivan	Member	December 2020
Carolyn Rodriguez-Quddus	Member	December 2018

DISTRICT ADMINISTRATORS

Jeff Turner	Superintendent
Tami Peterson	Chief Business Official

MESA UNION SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
For the Fiscal Year Ended June 30, 2018

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2018 are as follows:

	Revised Second Period	Annual
Regular ADA		
Transitional Kindergarten through third grade	259	259
Fourth through sixth grade	209	209
Seventh and eighth grade	125	125
Total ADA	593	593

See the accompanying notes to the supplementary information.

MESA UNION SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
For the Fiscal Year Ended June 30, 2018

Grade Level	Minute Requirement	Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	53,555	180	In Compliance
Grade 1	50,400	53,610	180	In Compliance
Grade 2	50,400	53,610	180	In Compliance
Grade 3	50,400	53,610	180	In Compliance
Grade 4	54,000	57,210	180	In Compliance
Grade 5	54,000	57,210	180	In Compliance
Grade 6	54,000	57,210	180	In Compliance
Grade 7	54,000	57,210	180	In Compliance
Grade 8	54,000	57,210	180	In Compliance

See the accompanying notes to the supplementary information.

MESA UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Fiscal Year Ended June 30,

	2019 (Budgeted)	2018	2017	2016
Revenues				
Local control funding formula sources	$ 5,158,708	$ 4,826,677	$ 4,685,639	$ 4,520,203
Federal sources	336,371	254,395	287,993	304,521
Other state sources	229,320	661,727	457,022	664,608
Other local sources	661,038	755,163	902,582	776,326
Total revenues	6,385,437	6,497,962	6,333,236	6,265,658
Expenditures				
Certificated salaries	2,566,458	2,632,866	2,430,193	2,361,693
Classified salaries	813,880	862,218	760,299	659,903
Employee benefits	1,218,613	1,323,059	1,179,465	1,050,871
Books and supplies	255,704	304,237	401,664	397,272
Services and other operating expenditures	862,604	998,651	1,001,641	850,742
Capital outlay	100,000	454,574	28,420	23,173
Other outgo	438,538	438,683	618,644	692,786
Interfund transfers out	-	-	-	50,000
Total expenditures	6,255,797	7,014,288	6,420,326	6,086,440
Change in fund balance	$ 129,640	$ (516,326)	$ (87,090)	$ 179,218
Ending fund balance	$ 1,488,205	$ 1,358,565	$ 1,874,891	$ 1,961,981
Available reserve	$ 1,354,972	$ 1,243,858	$ 1,715,339	$ 1,799,749
Available reserve %	21.7%	17.7%	26.7%	29.6%
State recommended reserve %	4.0%	4.0%	4.0%	4.0%
ADA	595	593	589	582
Total long term debt	$ 12,784,287	$ 13,094,287	$ 12,559,954	$ 11,996,332

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 4% reserve of total General Fund expenditures, transfers out and other uses. For the year ended June 30, 2018, the District has met this requirement.

The 2019 budget is the original budget adopted on June 12, 2018.

MESA UNION SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
For the Fiscal Year Ended June 30, 2018

Charter School	Included in District Audit Report
Golden Valley Charter School	No

See the accompanying notes to the supplementary information.

MESA UNION SCHOOL DISTRICT

RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT WITH THE AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2018

There were no differences between the fund balances reported on the June 30, 2018 Annual Financial and Budget Report for the governmental funds and the audited financial statements.

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has not met or exceeded its target funding and has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Schedule of Financial Trends and Analysis

The *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

Schedule of Charter Schools

The *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

MESA UNION SCHOOL DISTRICT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets				
Cash in county treasury	$ 68,104	$ 86,708	$ 53,124	$ 207,936
Cash and cash equivalents	3,240	-	-	3,240
Accounts receivable	33,151	433	272	33,856
Inventory	7,242	-	-	7,242
Total Assets	$ 111,737	$ 87,141	$ 53,396	$ 252,274
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 3,117	$ -	$ -	$ 3,117
Due to other funds	3,651	-	-	3,651
Unearned revenue	2,656	-	-	2,656
Total Liabilities	9,424	-	-	9,424
Fund Balances				
Nonspendable	7,242	-	-	7,242
Restricted	95,071	87,141	53,396	235,608
Total Fund Balances	102,313	87,141	53,396	242,850
Total Liabilities and Fund Balances	$ 111,737	$ 87,141	$ 53,396	$ 252,274

See the accompanying notes to the optional supplementary information.

MESA UNION SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	$ 143,184	$ -	$ -	$ 143,184
Other state sources	10,273	-	-	10,273
Other local sources	50,554	4,308	637	55,499
Total Revenues	204,011	4,308	637	208,956
Expenditures				
Pupil services	175,512	-	-	175,512
General administration	3,654	99	-	3,753
Plant services	6,113	-	-	6,113
Total Expenditures	185,279	99	-	185,378
Net changes in fund balance	18,732	4,209	637	23,578
Fund Balances at Beginning of Year	83,581	82,932	52,759	219,272
Fund Balances at End of Year	$ 102,313	$ 87,141	$ 53,396	$ 242,850

See the accompanying notes to the optional supplementary information.

NOTES TO THE OPTIONAL SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Combining Fund Financial Statements

The combining fund balance sheet and statement of revenues, expenditures and changes in fund balance has been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Mesa Union School District
Somis, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mesa Union School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 6, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Mesa Union School District
Somis, California

We have audited the Mesa Union School District's (the District) compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2018. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	No[1]
Mode of Instruction	No[1]
Nonclassroom Based Instruction/Independent Study	No[1]
Determination of Funding for Nonclassroom Based Instruction	No[1]
Annual Instructional Minutes – Classroom Based	No[1]
Charter School Facility Grant Program	No[1]

[1]Testing for charter schools was done by the charter school's respective auditor.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and which is described in the accompanying schedule of findings and responses as item 18-001. Our opinion on each state program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
December 6, 2018

FINDINGS AND RESPONSES

MESA UNION SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2018

All audit findings must be identified as one or more of the following categories:

Five Digit Code	Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no findings related to the basic financial statements for the year ended June 30, 2018.

SCHEDULE OF FINDINGS AND RESPONSES
RELATED TO STATE AWARDS
June 30, 2018

18-001 **Classroom Teachers Salaries** **61000**

Criteria: Pursuant to California Education Code Section 41372, an elementary school district is required to expend 60% of a district's current expense of education on compensation for classroom teachers.

Condition: Upon review of the Current Expense Formula/Minimum Classroom Compensation report it was noted that the District did not meet the 60% requirement.

Effect: The District is not in compliance with California Education Code Section 41372.

Cause: With the change in state funding and as part of the District's Local Control Accountability Plan, more dollars have been allocated for pupil services, parent participation and non-classroom based activities. As a result, the District did not meet its minimum classroom compensation percentage.

Questioned Costs and Units: It was noted that the District's current expense of education for classroom teachers of $5,574,776 was deficient by $78,604.

Recommendation: The District should establish procedures to monitor and verify that 60% of the District's current expense of education is spent on the compensation of classroom teachers.

Corrective Action Plan: An Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries will be filed with the Ventura County Office of Education.

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2018

17-001 Classroom Teachers Salaries 61000

Criteria: Pursuant to California Education Code Section 41372, an elementary school district is required to expend 60% of a district's current expense of education on compensation for classroom teachers.

Condition: Upon review of the Current Expense Formula/Minimum Classroom Compensation report it was noted that the District did not meet the 60% requirement. It was noted that the District's current expense of education for classroom teachers of $5,323,619 was deficient by $300,784.

Effect: The District is not in compliance with California Education Code Section 41372.

Cause: With the change in state funding and as part of the District's Local Control Accountability Plan, more dollars have been allocated for pupil services, parent participation and non-classroom based activities. As a result, the District did not meet its minimum classroom compensation percentage.

Recommendation: The District should establish procedures to monitor and verify that 60% of the District's current expense of education is spent on the compensation of classroom teachers.

Current Status: The District filed and received a waiver for the 2016-17 fiscal year; however, the District is not in compliance for the 2017-18 fiscal year. See Finding 18-001.

APPENDIX C

GENERAL INFORMATION ABOUT VENTURA COUNTY

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

General Information

The County was formed January 1, 1873, when it separated from Santa Barbara County. It is a general law county, governed by a five-member Board of Supervisors, elected at-large for a staggered four-year term in their respective districts, and the chairmanship rotates annually. The Board of Supervisors is responsible for providing policy direction, approving the County budget, and representing the County in a number of areas including special districts. The Board actions can apply countywide or only in unincorporated areas. Other County elected officials include the Auditor-Controller, Assessor, Clerk/Recorder, District Attorney, Treasurer-Tax Collector, and Sheriff. The County Executive Officer advises, assists, and acts as an agent for the Board of Supervisors in all matters under the Board's jurisdiction.

The County covers an area of 1,843 square miles and ranks 26th in size among the State's 58 counties. The County is bordered to the north by Kern County, to the west by Santa Barbara County, to the south and east by Los Angeles County and on the southwest by the Pacific Ocean. Most of the population of the County lives in the southern (mainland) portion of the County. The major population centers are the Oxnard Plain and the Simi and Conejo Valleys.

The Los Padres National Forest makes up most of the northern half of the County. Mountain ranges create fertile valleys and broad alluvial basins, primarily in the southern half of the County. Forty-two miles of coastline comprise the southwestern edge of the County. The County's two military bases, Point Mugu and Port Hueneme, are among the largest employers in the County.

Population

The population of the County in recent years is set forth on the following table.

VENTURA COUNTY
Population Estimates

Area	2014	2015	2016	2017	2018
Camarillo	67,194	67,496	68,134	68,370	68,741
Fillmore	15,503	15,614	15,686	15,800	15,953
Moorpark	35,504	36,009	36,475	36,684	37,044
Ojai	7,615	7,619	7,622	7,641	7,679
Oxnard	201,672	203,825	204,877	205,489	206,499
Port Hueneme	22,796	23,276	23,704	23,711	23,929
San Buenaventura	110,473	110,752	110,870	111,085	111,269
Santa Paula	30,990	31,245	31,266	31,061	31,138
Simi Valley	128,188	128,383	128,194	128,274	128,760
Thousand Oaks	129,775	129,715	129,484	129,502	130,196
Balance Of County	97,522	97,492	97,649	98,293	97,865
Total County (1)	**847,232**	**851,426**	**853,961**	**855,910**	**859,073**

(1) Totals may not add due to rounding.
Source: U.S. Census and State of California, Department of Finance.

Employment and Industry

The District is included in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area ("**MSA**"). The unemployment rate in the Ventura County was 4.4 percent in January 2019, up from a revised 3.7 percent in December 2018, and above the year-ago estimate of 4.3 percent. This compares with an unadjusted unemployment rate of 4.8 percent for California and 4.5 percent for the nation during the same period.

The table below provides information about employment by industry type for the MSA for calendar years 2014 through 2018.

OXNARD-THOUSAND OAKS-VENTURA MSA
(COUNTY OF VENTURA)
Annual Average Civilian Labor Force,
Unemployment and Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	431,100	428,400	426,700	426,300	425,700
Employment	402,500	404,200	404,400	407,000	409,700
Unemployment	28,600	24,200	22,300	19,200	16,100
Unemployment Rate	6.6%	5.6%	5.2%	4.5%	3.8%
Wage and Salary Employment: (2)					
Agriculture	26,500	26,300	25,200	23,800	24,400
Mining, Logging, Construction	15,000	15,200	15,500	16,600	17,700
Manufacturing	25,000	25,900	25,700	25,600	26,200
Wholesale Trade	12,700	12,600	13,000	13,200	13,200
Retail Trade	39,200	39,900	40,000	40,100	39,600
Transportation, Warehousing and Utilities	6,000	6,000	6,000	6,100	6,400
Information	5,300	5,100	5,000	5,000	5,000
Financial Activities	18,700	17,700	17,400	16,900	16,500
Professional and Business Services	41,500	40,500	40,900	42,200	42,900
Educational and Health Services	41,600	42,900	44,400	45,900	47,600
Leisure and Hospitality	34,800	35,700	36,400	37,200	37,700
Other Services	9,800	9,700	9,600	9,600	9,400
Federal Government	6,900	7,100	7,400	7,300	7,200
State Government	2,800	2,900	2,900	3,000	3,000
Local Government	34,400	35,400	36,300	36,600	36,600
Total all Industries (3)	320,200	322,800	325,700	329,200	333,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: California Employment Development Department.

Largest Employers

The following table lists the largest employers within the County as of March 2019, listed alphabetically.

COUNTY OF VENTURA
Major Employers
As of March 2019

Employer Name	Location	Industry
Amgen Inc	Thousand Oaks	Biological Specimens-Manufacturers
Baxter Healthcare	Westlake Village	Physicians & Surgeons Equip & Supls-Mfrs
City of Simi Valley	Simi Valley	City Hall
Community Memorial Health Syst	Ventura	Health Care Management
Dole Berry Co	Oxnard	Fruits & Vegetables-Growers & Shippers
Haas Automation Inc	Oxnard	Computers-Electronic-Manufacturers
Harbor Freight Tools USA Inc	Camarillo	Tools-New & Used
Los Robles Hospital & Med Ctr	Thousand Oaks	Hospitals
Moorpark College	Moorpark	Schools-Universities & Colleges Academic
Muranaka Farm Inc	Not Available	Farm Produce
Nancy Reagan Breast Ctr	Simi Valley	Diagnostic Imaging Centers
National Guard	Port Hueneme	Government Offices-State
Naval Construction Battalion	Point Mugu Nawc	Government Offices-Us
Ojai Valley Inn & Spa	Ojai	Hotels & Motels
Oxnard College	Oxnard	Schools-Universities & Colleges Academic
Pentair Aquatic Systems	Moorpark	Swimming Pool Equipment & Supls-Retail
Port Hueneme Div Naval	Port Hueneme Cbc	Military Bases
Sheriff's Department-Jails	Ventura	Government Offices-County
Simi Valley City Manager	Simi Valley	Government Offices-City, Village & Twp
Simi Valley Hospital	Simi Valley	Hospitals
St John's Regional Medical Ctr	Oxnard	Hospitals
Sullstar Technologies	Simi Valley	Telephone Equipment & Supplies
Ventura County Medical Ctr	Ventura	Hospitals
Ventura County Office of Edu	Camarillo	Schools
Workrite Uniform Co	Oxnard	Mens & Boys Work Clothing (mfrs)

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 1st Edition.

Commercial Activity

A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures for 2017 are not yet available.

Total taxable sales during the first three quarters of calendar year 2017 in the County were reported to be $10,247,033,230, a 0.72% increase over the total taxable sales of $10,173,513,063 reported during the first three quarters of calendar year 2016.

VENTURA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2012	13,992	$8,700,010	22,206	$11,958,260
2013	14,285	9,101,436	22,234	12,824,296
2014	14,903	9,401,053	22,851	13,366,628
2015(1)	10,453	9,615,370	25,826	13,784,346
2016	15,595	9,774,880	26,161	13,745,950

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

Provided below are the building permits and valuations for the County for calendar years 2013 through 2017. Annual figures are not yet available for calendar year 2018.

VENTURA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	2013	2014	2015	2016	2017
Permit Valuation					
New Single-family	$139,009.7	$169,065.9	$238,925.5	$236,652.9	$266,346.8
New Multi-family	121,304.6	102,514.6	69,260.2	147,122.8	227,566.1
Res. Alterations/Additions	53,255.4	72,971.1	66,458.2	64,655.7	200,617.4
Total Residential (1)	313,569.8	344,551.6	374,643.9	448,431.4	694,530.3
New Commercial	64,645.0	21,358.7	55,505.3	52,600.3	71,967.3
New Industrial	336.6	17,938.6	4,404.9	4,647.4	35,699.9
New Other	9,813.5	30,893.9	37,412.3	57,210.5	31,579.7
Com. Alterations/Additions	79,728.1	79,948.9	92,613.9	88,289.8	91,036.8
Total Nonresidential (1)	154,523.2	150,140.1	189,936.4	202,748.0	230,283.7
New Dwelling Units					
Single Family	360	450	615	652	851
Multiple Family	688	632	394	1,011	1,654
TOTAL	1,048	1,082	1,009	1,663	2,505

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County, the State and the United States for the years 2015 through 2019.

VENTURA COUNTY; STATE OF CALIFORNIA; UNITED STATES
Effective Buying Income

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	Ventura County	$21,468,990	$60,911
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	Ventura County	$24,412,090	$67,179
	California	981,231,666	23,589
	United States	7,757,960,399	46,738
2017	Ventura County	$23,847,399	$65,193
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	Ventura County	$26,565,506	$71,934
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Ventura County	$26,149,018	$70,618
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

April 3, 2019

Board of Trustees
Mesa Union School District
3901 Mesa School Road
Somis, California 93066

OPINION: $4,000,000 Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified)

Ladies and Gentlemen:

We have acted as bond counsel to the Mesa Union School District (the "District") in connection with the issuance by the District of its Mesa Union School District (Ventura County, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) in the aggregate principal amount of $4,000,000 (the "Bonds"). The Bonds have been authorized to be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the District (the "Board") on February 19, 2019 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district with the power to cause the Board to issue the Bonds on its behalf and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly issued and sold by the District and are valid and binding general obligations of the District, and the County of Ventura is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation as to rate or amount.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. In addition, the Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Tax Code), a deduction is allowed for 80 percent of that portion of such financial institutions’ interest expense allocable to the portion of the Bonds designated as and comprising interest.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes, and in order for the Bonds to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds, or may cause the Bonds not to be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

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

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$4,000,000
MESA UNION SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds
Election of 2018, Series A
(Bank Qualified)

Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Mesa Union School District (the "District") in connection with the issuance of $4,000,000 aggregate principal amount of Mesa Union School District School District (County of Ventura, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified) (the "Bonds"). The Bonds are being issued under a resolution adopted by the Board of Trustees of the District on February 19, 2019 (the "Bond Resolution"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently March 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means Raymond James & Associates, Inc., as the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. <u>Provision of Annual Reports</u>.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2020 with the report for the 2018-19 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4.

Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. <u>Content of Annual Reports</u>. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information with respect to the most recently completed fiscal year or the current fiscal year if such information is available at the time of filing the Annual Report:

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

(ii) assessed valuation of properties of the top twenty taxpayers;

(iii) property tax levies, collections and delinquencies, but only if the District's general obligation bond collections are not included on the County's Teeter Plan; and

(iv) the District's most recently approved Budget or interim report, which is available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that District determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: April 3, 2019

MESA UNION SCHOOL DISTRICT

By: ________________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	Mesa Union School District
Name of Bond Issue:	$4,000,000 aggregate principal amount of Mesa Union School District (County of Ventura, California) General Obligation Bonds, Election of 2018, Series A (Bank Qualified)
Date of Issuance:	April 3, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.05 of the resolution adopted by the Board of Trustees of the District authorizing the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_____________

DISSEMINATION AGENT

By: ______________________________
Authorized Officer

Cc: Mesa Union School District

APPENDIX F

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Series A Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Series A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series A Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Series A Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

VENTURA COUNTY INVESTMENT POLICY STATEMENTAND REPORT

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VENTURA COUNTY

STATEMENT OF INVESTMENT POLICY

AS APPROVED DECEMBER 4, 2018

BOARD OF SUPERVISORS

SUPERVISOR PETER C. FOY, DISTRICT 4, CHAIR
SUPERVISOR STEVE BENNETT, DISTRICT 1
SUPERVISOR LINDA PARKS, DISTRICT 2,
SUPERVISOR KELLY LONG, DISTRICT 3
SUPERVISOR JOHN C. ZARAGOZA, DISTRICT 5

Judge Steven Hintz
Treasurer-Tax Collector

Sue Horgan
Assistant Treasurer-Tax Collector

Ventura County Treasurer-Tax Collector's Office
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Website: www.ventura.org/ttc

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STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy ("Policy") provides the guidelines for prudent investment of public funds in a manner which will provide the highest investment return with optimal security and liquidity. The Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000 - 27000.5; 27130 - 27137; and 53600 - 53686. Furthermore, it outlines the policies essential to ensuring the safety and financial strength of the County's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State law, the Policy will supersede.

The Policy shall be reviewed annually and any modifications made thereto must be approved by the Board of Supervisors.

Introduction

The Treasurer-Tax Collector of Ventura County manages pooled cash under the prudent investor rule. This rule states that:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

This rule allows the County the option to operate over a broad spectrum of investment opportunity defined within Section 53601 *et seq* of the California Government Code. Therefore, the County's portfolio will be made up of a selection of investments that ensure diversification and meet the liquidity needs of the organization. The major overriding premise underlying the County's investment objective is always to ensure that funds are available when needed.

Investment Objective

It is the policy of the County to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the County and other participants, while attaining a market average yield within an acceptable and defined level of risk.

The Policy has three primary objectives, in order of priority:

1) The safety of principal.

2) Maintenance of liquidity to meet cash flow needs.

3) To earn a competitive rate of return (i.e., yield) within the confines of the California Government Code, this policy, and procedural structure.

In order to accomplish the objectives of safety, liquidity, and yield, the economy and various financial markets are monitored daily in order to assess the probable course of interest rates and thus maximize yield on the County's temporarily idle funds. In a market with increasing interest rates, the Treasury will attempt to invest in securities with shorter maturities. This strategy allows funds to be available for other investments when interest rates are at higher levels. Conversely, when interest rates appear to be near a plateau, the Treasury will attempt to lock in a higher rate of return. The length of term for all investments shall be commensurate with the short, medium, and long-term cash flow needs of the County and other investment pool participants.

Investment and the Notion of Risk

In order to accomplish the investment philosophy outlined above, the concept of risk must be clearly defined as it relates to the investment of public funds. This concept of risk finds its ultimate translation into a structured and well-diversified portfolio.

The County shall ensure the safety of its idle funds by limiting credit and interest rate risk. These are the two types of risk that can clearly damage a public sector portfolio.

Credit risk is defined as the risk of loss due to the failure of the issuer of a security and shall be mitigated by:

1) Pre-qualifying financial institutions with which it will do business through the utilization of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

2) Diversifying the portfolio so that the failure of any one issuer or backer will not place any undue financial burden on the County.

3) Monitor all County investments on a daily basis to anticipate and respond appropriately to a significant reduction in the credit worthiness of a depository.

Interest rate risk is defined as the risk that the market value of portfolio securities will fall due to an increase in interest rates. This risk shall be mitigated by:

1) Structuring the portfolio so that securities mature at times to meet the ongoing cash needs of the County.

2) Restructure of the portfolio to minimize the loss of market value or cash flow.

3) Limit the weighted average maturity of the portfolio holdings to 375 days.

The investment program of Ventura County shall be managed with a degree of professionalism that is worthy of the public trust and adheres to the tenets of modern portfolio theory.

The Treasury is very cognizant of past losses of public funds by local agencies throughout California. Those losses resulted in a loss of confidence by the public in public sector investment expertise. This policy seeks to ensure that proper controls are maintained by the Treasurer-Tax Collector and subordinate staff.

There are times when it becomes necessary for losses to be taken:

A) Interest rates appear to be rising and the funds can be invested shorter term at higher rates.

B) When opportunities arise that will result in an increase in overall interest income to the County.

C) When cash needs are greater than expected.

Therefore, in order to mitigate these event risks to the County's portfolio all investment losses shall be approved by the Treasurer-Tax Collector, exclusively. This authority shall not be delegated.

Liquidity

The County's portfolio will be structured so that securities will mature at or about the same time as cash is needed to meet demand and in accordance with the economic projections mentioned above.

The Treasury will construct a portfolio that will consist of securities with active secondary and resale markets. Any investments for which no secondary market exists, such as time deposits, shall not exceed 375 days and no investment will have a maturity of more than 1150 days.

Yield

The Treasurer-Tax Collector shall always attempt to obtain a competitive rate of return on any investment type consistent with the required safety, liquidity, and other parameters of this policy, departmental procedures, and the laws of the State of California.

INTERNAL CONTROLS

The Treasurer-Tax Collector shall establish a system of internal controls, which shall be documented in writing. The controls will be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, and unanticipated changes in financial markets.

Except for declared emergencies, the County Treasurer-Tax Collector’s Office shall observe the following procedures on a daily basis:

- All investment transactions shall be entered into the accounting system.
- County investments shall be transacted, confirmed, accounted for, and audited by different people.

Safekeeping of Securities
To protect against potential losses caused by the collapse of individual securities dealers, all securities owned by the County, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department, acting as agent for the County under the terms of a custody agreement executed by the bank and the Treasurer-Tax Collector. All trades executed between the County and a dealer will settle on a delivery vs. payment basis with a custodial bank. All security transactions engaged in by the Treasurer-Tax Collector shall be countersigned by another authorized treasury department employee.

Security Custody & Deliveries
All securities purchased shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custodial security clearance services.

All security holdings shall be reconciled monthly by the County Treasurer-Tax Collector's Office and audited at least quarterly by the Auditor-Controller's Office.

All security transactions are to be conducted on a "delivery-versus-payment basis". Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased, that these securities have been sold to the County under a repurchase agreement, and the stipulated date and amount of the resale by the County back to the seller of the securities.

SECURITY INSTRUMENTS

Qualifications of Brokers, Dealers, and Financial Institutions
The Treasurer-Tax Collector will maintain a list of approved financial institutions authorized to provide investment services. Additionally, the Treasurer-Tax Collector shall transact business only with approved direct issuers; security brokers/dealers selected by credit worthiness that licensed by the State of California and licensed by the Financial Industry Regulatory Authority (FINRA); National or State chartered bank or savings institutions; and primary government dealers designated by the Federal Reserve.

Any broker/dealer interested in conducting business with the County must have an office within the State of California and is required to fill out an extensive questionnaire maintained by the Treasurer-Tax Collector. This questionnaire is then reviewed by the Treasurer-Tax Collector and upon acceptance permits the County to deal with the broker/dealer.

The Treasurer-Tax Collector views the relationship of the firm and its representatives to the County as being a long-term mutually beneficial business relationship. The Treasurer-Tax Collector expects the firm and its staff to act with integrity and trust. The firm must ensure that its staff is aware of the County Treasurer's Investment Policy as well as California Government Code sections 53601 and 53635 that govern the securities transactions of the County. The firm will be required to annually issue written acknowledgment that it has read and will comply with the County's Investment Policy.

No broker/dealer may have made political contributions greater than the limits expressed in Rule G-37 of the Municipal Securities Rule Making Body to the Treasurer-Tax Collector, Board of Supervisors, or candidate for those offices, or Treasury Oversight Committee members.

The Treasury staff shall investigate dealers with which it will conduct business in order to determine: if the firm is adequately capitalized and meets the Federal Reserve's minimum capital requirements for broker/dealer operations, makes markets in securities appropriate to the County's investment policy, the individual covering the account has a minimum of three years dealing with large institutional accounts, and receives three favorable recommendations from other short term cash portfolio managers.

Upon application, all firms will provide a copy of their most recent published annual report; quarterly reports issued since the last annual report; Financial and Operational Combined Uniform Single (FOCUS) Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Furthermore, no later than July 31 of each calendar year, in addition to the required annual written acknowledgment of the Investment Policy compliance, only as requested by the Treasurer-Tax Collector, all firms will provide a copy of their most recent published annual report; FOCUS Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Ratings

With the exception of LAIF, insured deposits, and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the Treasurer-Tax Collector in accordance with this Statement and with the assistance of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

If the rating of any security drops below the minimum acceptable rating for that security class, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be individually approved by the Treasurer-Tax Collector. A rating of "NR" by one rating service is not a split rating and does not bar the purchase of the security.

U.S. Agencies

The purchase of U.S. agency securities shall be limited to issues of the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corp. (Freddie Mac/FHLMC), the Federal National Mortgage Corporation (Fannie Mae/FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac/FAMCA), or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored or backed entity. The fund's holdings of any one federal agency security shall not exceed 25% of the total fund at the time of purchase. The maximum maturity of any one agency investment shall not exceed three years or 1150 days.

U. S. Government
United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years or 1150 days.

Commercial Paper
Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of "prime" quality of the highest ranking or of the highest short-term letter and numerical rating as provided for by Standard and Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings (S&P A-1+, A-1; Moody's P-1; Fitch F1+, F1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500 million and an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P (A or higher), Moody's (A2 or higher) and Fitch (A or higher). Purchases of eligible Commercial Paper may not exceed 270 days to maturity. Purchases of Commercial Paper may not exceed 40 percent of the investment portfolio at the time of the purchase. No more than 10 percent of the total assets of the pool at the time of the purchase may be invested in the outstanding paper of any single issuing corporation. The Treasurer-Tax Collector shall establish a list of approved Commercial Paper issuers in which investments may be made.

Medium-Term Notes and Deposit Notes
Medium-Term Notes eligible for investment must be rated in the same categories described in **Commercial Paper**, above, to wit: Short-term ratings by S&P A-1 or higher; Moody's P-1; and Fitch F1 or higher; and long-term ratings of S&P A or higher, Moody's A2 or higher, and Fitch A or higher. Medium-Term Notes may not exceed 20 percent of the investment portfolio at the time of the purchase and may not have a maturity of longer than 2 years or 735 days.

Municipal Notes, Bonds and Other Obligations
Municipal notes, bonds, and other obligations eligible for investment are registered securities issued by the State of California and local California government agencies as well as registered securities issued by any of the other 49 states to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed 30 percent of the investment portfolio at the time of purchase and the maturity may not exceed three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Bankers Acceptances
A Bankers Acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers Acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of the investment portfolio at the time of the purchase, with no more than 30 percent of the investment portfolio at the time of the purchase in the Bankers Acceptances of any one commercial bank. The Treasurer-

Tax Collector shall establish a list of those banks deemed most credit worthy for the investment in Bankers Acceptances, limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

Negotiable Certificates of Deposit and Yankee Certificates of Deposit
Negotiable Certificates of Deposit (NCD) are issued by commercial banks, foreign banks, and thrift institutions against funds deposited for a specified period of time and earn specified or variable rates of interest. The Treasurer-Tax Collector may invest up to 30 percent of the investment portfolio at the time of the purchase in NCD's. Negotiable certificates of deposit shall be limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

NCD's differ from other Certificates of Deposit in that they are illiquid instruments which are traded in secondary markets. The maximum term to maturity of any NCD shall be one year or 365 days. The Treasurer-Tax Collector shall establish a list of eligible domestic commercial banks, thrifts and state licensed foreign banks (Yankee Certificates of Deposit) which will be eligible for investment.

Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors. The maximum term to maturity of any YCD shall be one year or 365 days.

Certificates of Deposit
Certificates of Deposit are deposits by the Treasurer-Tax Collector in commercial banks or savings and loan associations within the State of California and shall be limited to those institutions rated as noted above in **Negotiable Certificates of Deposit**. Local institutions shall receive preference for deposits up to $250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed one year or 365 days and shall be fully insured by the FDIC.

Repurchase Agreements
The County may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the County has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer-Tax Collector and will not be allowed to fall below 102% of the value borrowed against those funds. The value is adjusted quarterly based on the value of the repurchase agreement.

In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed three years or 1150 days to maturity.

There shall be a $75 million limitation in repurchase agreements entered into with any one institution.

Securities Lending

Securities Lending is permissible as an agreement to lend securities to a borrower who provides collateral to the local agency. The local agency retains ownership and continues to receive all interest, dividends, and capital appreciation. Both securities and collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

Local Agency Investment Fund

The Treasurer-Tax Collector may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

CalTrust and California Asset Management Program (CAMP)

The Treasurer-Tax Collector may invest in The Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (CAMP), California joint powers authorities in which local agencies may invest funds pursuant to Government Code section 53601(p). The combined investment in CalTrust and CAMP shall not exceed $25,000,000 at the time of the purchase. The Treasurer-Tax Collector shall withdraw its entire investment in a program if the S&P rating falls below AAf/S-1+ for CalTrust or AAAm for CAMP.

Local Agency Debt and State Warrants

The Treasurer-Tax Collector may invest in bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

The Treasurer-Tax Collector may invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency, or authority of the state.

Supranationals

The Treasurer-Tax Collector may invest surplus funds to include United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

These instruments must have a maximum remaining maturity of three years (1150 days) or less, be eligible for purchase and sale within the United States, be S&P rated "AAA" and shall not exceed 30% of the investment pool.

Prohibited Transactions and Asset-Backed Securities

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the California Government Code.

The Treasurer-Tax Collector may not invest in asset backed securities such as Collateralized Mortgage Obligations.

Apportionment of Interest and Costs
Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, reporting remittance processing, depositing of public funds, audit, and any other costs as provided by Section 27013, 27133(f), and 27135.

AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR

Delegation to Authority to Invest
The Treasurer-Tax Collector's authority to invest is delegated by the Board of Supervisors in accordance with the California Government Code Sections 27000.1 and 53607. Statutory authority for the investment and safekeeping functions are found in Sections 53600 et seq., and 53630 et seq., of the California Government Code.

The Treasurer-Tax Collector has the authority to react to unstable market conditions in order to preserve the safety, liquidity or yield of the portfolio. The Treasurer-Tax Collector's reaction may temporarily change the investment parameters or investment practices of the County until the market has stabilized or until the Board of Supervisors has approved a revised Investment Policy.

The Treasurer-Tax Collector shall immediately notify the Treasury Oversight Committee members and the Board of Supervisors at their next scheduled meeting of any changes to the investment parameters or practices that were precipitated by the unstable market conditions.

Authority to Execute Investment Transactions
The authority to execute investment transactions on a daily basis is limited to the Treasurer-Tax Collector. This function may be delegated to the Assistant Treasurer-Tax Collector and/or other Treasury personnel at the discretion of the Treasurer-Tax Collector.

Competitive Bidding
All purchase/sales shall be made only after a process of competitive bidding, unless information provided on electronic market quotation services, faxes, or email transmissions show current market rates. A minimum of three offer/bids should be obtained before an investment is purchased or sold. Exceptions to the above would involve transactions in U.S. Treasury or agency obligations, repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Treasurer-Tax Collector's investment program.

Place and Time for Conducting Business

Investment transactions shall not be conducted from any place other than the office of the Treasurer-Tax Collector during normal business hours established for Treasury operations. Exceptions must have the approval of the Treasurer-Tax Collector.

Conflict of Interest

No agency employee nor Treasury Oversight Committee member may directly or indirectly accept or solicit from any persons, corporations, or group having a business relationship with this Agency anything of economic value as a gift, gratuity, or favor which would be in conflict with the County Administrative Policy.

No agency employee nor Treasury Oversight Committee member shall, outside of regular working hours, engage in any profession, trade, business, or occupation which is incompatible or involves a conflict of interest with his duties as a county officer or employee, or which in any way may reflect unfavorably on this Agency, the appointing authority, or his fellow employees.

Portfolio Reporting

The Treasurer-Tax Collector shall prepare a monthly Investment Report to be presented at a regularly scheduled meeting of the Board of Supervisors, including a succinct management summary that provides a clear picture of the status of the current investment portfolio, market conditions and strategy for the coming months. The report will also include a listing of all investments by type, name of issuer, date of maturity, par and dollars amount invested in each security, investment, and the money within the Treasury. There will be a separate statement advising the Board of the longest maturity of a security in the portfolio. The report will contain a statement assuring the Board that the anticipated cash flow needs of the participants will be met. The report will also include a statement that the investment practices and portfolio holdings are in compliance with the investment policy or an explanation as to why there is a condition which exists outside of the investment policy. The Treasurer-Tax Collector will also provide a copy of the Investment Report to the Treasury Oversight Committee members at scheduled meetings.

Disaster Recovery Program

The Treasurer-Tax Collector's Disaster Plan includes critical phone numbers and addresses of key Treasury and investment personnel, as well as, currently approved bankers and broker/dealers. The plan provides for an offsite location to be communicated at the time of readiness if the Treasurer-Tax Collector's offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into an interest-bearing account.

Until normal operations of the Treasurer's office have been restored, the limitations on the size of an Individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and Pool Participants in a timely manner.

Extraordinary Withdrawals

The Treasurer-Tax Collector will maintain a schedule of seasonal deposits into and withdrawals from the investment pool by participating districts. Constant contact with the pool participants will be maintained to ascertain any cash needs beyond the anticipated cash-flow patterns. Our investment strategy is based upon the known cash-flow patterns, which allow the Treasurer-Tax Collector to maximize interest earnings for the County and other pool participants.

Extraordinary withdrawals could create a liquidity problem and negatively impact the earnings of the remaining pool participants if the Treasurer-Tax Collector is forced to liquidate securities before their scheduled maturity date. A pool participant who wishes to withdraw from the pool or make an extraordinary withdrawal, will be encouraged to work with the Treasury to arrange a withdrawal schedule that would prevent losses to the withdrawing district or the remaining pool participants. Losses experienced by the County investment pool, which were precipitated by the unnoticed extraordinary withdrawal of funds, will be borne by the district who caused such losses to occur. The Treasurer-Tax Collector reserves the right to choose which securities to liquidate and could choose to sell the securities that have the lowest earnings.

Terms and Conditions that a Local Agency May Participate in the Pool

Local agencies may, by resolution of their governing bodies and the approval of the Treasurer-Tax Collector, deposit excess funds in the County Treasury for the purpose of investment by the Treasurer-Tax Collector. The procedures for this process are contained in the Treasury Procedural Manual.

INVESTMENT GLOSSARY

Accrued Interest – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

Agency Issues – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

Amortized Cost – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

Bankers Acceptance – Money market instrument created from transactions involving foreign trade. In its simplest and most traditional form, a bankers' acceptance is merely a check, drawn on a bank by an importer or exporter of goods.

Basis Point – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

Benchmark – An index or security used to compare the performance of a portfolio.

Bond – A long-term debt instrument of a government or corporation promising payment of the original investment plus interest by a specified future date.

Bullet – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

Callable Bond – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

Collateralization – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

Collateralized Certificate of Deposit – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

Commercial Paper – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

Coupon – The stated interest rate on a debt security that an issuer promises to pay.

Credit Quality – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

Credit Rating – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Derivatives – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

Discount Instruments – Securities that are sold at a discount to face value.

Diversification – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

Dollar Weighted Average Maturity – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

Duration – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

Earnings Apportionment – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

Government Obligations – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

Government Sponsored Enterprises (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government.

Highly Liquid – The most eminent type of security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

Illiquid – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. Also called "Market Risk".

Liquid – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

Local Agency Obligation – An indebtedness issued by a local agency, department, board, or authority within the State of California.

Long-Term – The term used to describe a security when the maturity is greater than one year.

Market Value – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

Medium-Term Notes – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

Money Market Mutual Fund – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

Municipal Notes, Bonds and Other Obligations - Municipal notes, bonds, and other obligations are securities issued by state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Negotiable Certificate of Deposit – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

Par – The stated maturity value, or face value, of a security.

Pass-Through Securities – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

Pool – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

Portfolio Value – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

Primary Dealer – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

Private Placements – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

Range Notes – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

Repurchase Agreement – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Reverse Repurchase Agreement – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

Safekeeping – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

Securities Lending – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

Short-Term – The term used to describe a security when the maturity is one year or less.

Supranationals – Senior unsecured unsubordinated obligations that are issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. They are eligible for purchase and sale within the United States and approved for investments by local agencies in California as of January 1, 2015.

Total Return – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

Voluntary Participants – Local agencies that are not required to deposit their funds with the County Treasurer.

Weighted Average Maturity – The remaining average maturity of all securities held in a portfolio.

Yankee Certificates of Deposit - Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors.

Yield – The gain, expressed as a percentage that an investor derives from a financial asset.

Yield to Maturity – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

APPENDIX A: INVESTMENT INSTRUMENTS

Investment Instruments	Maximum Maturity	Maximum Specified Percentage of Portfolio	Approved Selected Agencies
U.S. Agencies	3 years or 1150 days	N/A	Yes
Commercial Paper (CP)	270 days	40%	Yes
Medium Term Notes (MTN)	2 years or 735 days	20%	Yes
Supranationals	3 years (1150 days) or less	30%	Yes
U.S. Government Treasury Bills, Notes, and Bonds	3 years or 1150 days	N/A	
Yankee Certificates of Deposit (YCD)	1 year or 365 days	30%	Yes
Negotiable Certificates of Deposit (NCD)	1 year or 365 days	30%	Yes
Certificates of Deposits (CD)	1 year or 365 days	30%	Yes
Local Agency Investment Fund (LAIF)	N/A	Maximum As Permitted by State Law	
CalTrust/CAMP		$25 MM	
Munis	3 years or 1150 days	30%	

TREASURER-TAX COLLECTOR
VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

March 12, 2019

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending January 31, 2019.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:
This report covers the one-month period ending January 31, 2019. The report reflects continuing positive trends in the investment portfolio results.

The **average daily portfolio balance** for January was $2.687 Billion, which exceeds the highest prior January balance ever, by $124 Million. It also reflects the predicted small decline of $40 Million from December. The balance will continue to decline slightly until the April tax collection period.

The **annualized percentage yield** for January was 2.575%, an increase of 0.092% over December. The time of rapid increases in yield is probably over, for the next few months. The Federal Open Market Committee did not raise rates at its most recent meeting and its guidance for the future was opaque. As I write this report in mid-February, I believe our annualized yield will remain steady in the 2.50% - 2.65% range for the next three months.

Going forward, if the current pool investments were all held to maturity, the pool's **approximate yield to maturity** is 2.59% and holding steady. Exhibit 2, the Monthly Transaction Report, shows that all but 4 of the 37 transactions in January will yield over 2.50% to maturity, a suggestion that the yield to maturity will increase, albeit more slowly than in the recent past.

The **total net earnings** for January were $5.876 Million, a slight increase of $126 Thousand over December. I expect total net earnings to remain stable as long as the interest rate market is stable.

The **weighted average days to maturity** rose slightly to 142 days. The interest-rate sensitivity measure of **effective duration** ended at 0.377, also a slight increase. Both of these numbers remain within the 12-month range, reflecting the pool's very low sensitivity to interest rate changes.

The **three largest sectors**, by percentage, were: Commercial Paper (29.33%), Yankee Certificates of Deposit (27.84%), and Government Agencies (14.92%.) The **three largest individual issuers**, by percentage, were: J.P. Morgan Securities LLC (7.24%), National Bank of Kuwait (6.87%), and Korea Development Bank (6.31%).

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County portfolio has for several years received a rating of AAAf/S1+ by Standard & Poor's, the highest rating given by that agency, re-affirmed on January 16, 2019. The rating reflects S&P's opinion that the pool is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The pool has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the pool's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours.

The portfolio will be managed on the assumption that interest rates within our investment policy horizon will not change significantly over the next few months. The portfolio is well-positioned to respond, whether rates rise, drop, or hold steady. We will continue to focus our new investments on issues with maturity dates of one year, or less, for at least the next three months.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,

Steven Hintz

STEVEN HINTZ
Treasurer-Tax Collector

Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 01/31/2019
Exhibit 2 – Monthly Transactions Report – January 2019
Exhibit 3 – Portfolio Average Monthly Balance Graph – January 2017-2019
Exhibit 4 – Average Maturity Graph – January 2017-2019
Exhibit 5 – Yield Comparison Graph – January 2018-2019
Exhibit 6 – Rolling 2-Year % Yield Graph – January 2017-2019 (Ventura)
Exhibit 7 – Rolling 2-Year $ Yield Graph – January 2017-2019
Exhibit 8 – Maturity Distribution Graph 2019
Exhibit 9 – Portfolio Holdings by Class Graph – January 2019

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 01/31/2019
02/11/2019 11:24:05 AM EST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
ACCOUNT: 11435100 COUNTY OF VENTURA										
NET CASH										
NET CASH										
	.0000		$.00	$.00	$.00	.00			.0000	.00
	U.S. DOLLARS									
SUBTOTAL	**.0000**		**$.00**	**$.00**	**$.00**	**.00**			**.0000**	**.00**
US GOVERNMENT SHORT-TERM										
US TREASURY BILLS										
912796PT0	10,000,000.0000	02/28/2019	$9,982,300.00	$9,826,925.00	$155,375.00	1.58	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 03/01/18 02/28/2019									
912796QC6	5,000,000.0000	04/25/2019	$4,973,050.00	$4,893,694.44	$79,355.56	1.62	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 04/26/18 04/25/2019									
912796QM4	10,000,000.0000	06/20/2019	$9,908,000.00	$9,783,194.44	$124,805.56	1.28	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 06/21/18 06/20/2019									
912796UN7	15,000,000.0000	02/12/2019	$14,989,350.00	$14,985,687.50	$3,662.50	.02	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 12/18/18 02/12/2019									
GOVERNMENT AGENCY DISCOUNT										
313312BT6	10,000,000.0000	02/11/2019	$9,993,400.00	$9,825,583.30	$167,816.70	1.71	N/A	N/A	.0000	.00
	FED FARM CREDIT BK DISC NOTE DTD 02/12/18 02/11/2019									
313312CU2	5,000,000.0000	03/08/2019	$4,988,350.00	$4,896,866.50	$91,483.50	1.87	N/A	N/A	.0000	.00
	FED FARM CREDIT BK DISC NOTE DTD 03/08/18 03/08/2019									
313384EM7	10,000,000.0000	04/18/2019	$9,949,300.00	$9,782,611.11	$166,688.89	1.70	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 04/18/18 04/18/2019									
313384EZ8	10,000,000.0000	04/30/2019	$9,941,300.00	$9,936,666.67	$4,633.33	.05	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 04/30/18 04/30/2019									
313384FC8	10,000,000.0000	05/03/2019	$9,939,100.00	$9,822,155.56	$116,944.44	1.19	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 05/03/18 05/03/2019									
313384GL7	5,000,000.0000	06/04/2019	$4,958,500.00	$4,919,683.33	$38,816.67	.79	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 06/04/18 06/04/2019									
313384HP7	5,000,000.0000	07/01/2019	$4,949,150.00	$4,922,879.17	$26,270.83	.53	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 07/02/18 07/01/2019									
313384LF4	5,000,000.0000	09/03/2019	$4,926,900.00	$4,913,887.50	$13,012.50	.26	N/A	N/A	.0000	.00

Exhibit 1

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
FED HOME LN BK DISC NOTE DTD 09/04/18 09/03/2019										
313384LQ0	20,000,000.0000	09/12/2019	$19,695,200.00	$19,578,863.50	$116,336.50	.59	N/A	N/A	.0000	.00
FED HOME LN BK DISC NOTE DTD 09/12/18 09/12/2019										
313396HK2	5,000,000.0000	06/27/2019	$4,950,750.00	$4,924,222.22	$26,527.78	.54	N/A	N/A	.0000	.00
FED HOME LN MTG CORP DISC NOTE DTD 06/27/18 06/27/2019										
313396JX2	20,000,000.0000	08/02/2019	$19,752,200.00	$19,652,111.11	$100,088.89	.51	N/A	N/A	.0000	.00
FED HOME LN MTG CORP DISC NOTE DTD 08/02/18 08/02/2019										
SUBTOTAL	**145,000,000.0000**		**$143,896,850.00**	**$142,665,031.35**	**$1,231,818.65**	**.86**			**.0000**	**.00**
SAVINGS & CERTIFICATES OF DEPOSIT										
MARKETABLE CERTIFICATES OF DEPOSIT										
05971XLA7	10,000,000.0000	08/30/2019	$9,999,700.00	$10,001,202.02	($1,502.02)	(.02)	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
48668MZA4	10,000,000.0000	06/05/2019	$9,996,900.00	$10,002,000.00	($5,100.00)	(.05)	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZP1	10,000,000.0000	07/18/2019	$10,004,200.00	$10,001,480.57	$2,719.43	.03	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZQ9	20,000,000.0000	07/18/2019	$20,007,600.00	$20,002,358.24	$5,241.76	.03	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZR7	10,000,000.0000	07/19/2019	$10,002,600.00	$10,001,624.00	$976.00	.01	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
50066BNC1	10,000,000.0000	02/14/2019	$10,000,300.00	$10,003,284.46	($2,984.46)	(.03)	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BNJ6	10,000,000.0000	02/01/2019	$10,000,000.00	$10,002,095.33	($2,095.33)	(.02)	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BNK3	10,000,000.0000	03/29/2019	$9,999,300.00	$10,003,242.66	($3,942.66)	(.04)	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPR6	20,000,000.0000	06/24/2019	$20,000,220.00	$20,003,602.60	($3,382.60)	(.02)			.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPS4	10,000,000.0000	06/24/2019	$10,007,100.00	$10,001,184.70	$5,915.30	.06	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPT2	10,000,000.0000	06/27/2019	$10,007,100.00	$10,001,200.00	$5,900.00	.06	N/A	N/A	.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
50066BPW5	20,000,000.0000	10/07/2019	$20,009,600.00	$20,003,571.36	$6,028.64	.03	N/A	N/A	.0000	.00
	KOREA DEVELOPMENT BK CERT OF DEPOSIT									
63375PG94	10,000,000.0000	02/04/2019	$10,000,200.00	$10,002,389.74	($2,189.74)	(.02)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PJ42	10,000,000.0000	02/01/2019	$10,000,100.00	$10,000,716.63	($616.63)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PJ75	10,000,000.0000	03/07/2019	$10,000,600.00	$10,001,944.78	($1,344.78)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PK32	10,000,000.0000	03/15/2019	$10,000,200.00	$10,001,951.59	($1,751.59)	(.02)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PQ85	10,000,000.0000	02/14/2019	$10,000,300.00	$10,001,179.67	($879.67)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PQ93	20,000,000.0000	03/01/2019	$20,001,200.00	$20,002,570.80	($1,370.80)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PR76	10,000,000.0000	06/03/2019	$9,995,900.00	$10,001,324.96	($5,424.96)	(.05)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PS59	20,000,000.0000	07/03/2019	$19,994,400.00	$20,002,808.68	($8,408.68)	(.04)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PT66	10,000,000.0000	08/06/2019	$10,005,400.00	$10,002,199.52	$3,200.48	.03	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PU98	15,000,000.0000	07/18/2019	$15,007,350.00	$15,001,775.69	$5,574.31	.04	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV22	20,000,000.0000	07/18/2019	$20,009,800.00	$20,002,356.87	$7,443.13	.04	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV30	10,000,000.0000	09/03/2019	$10,004,600.00	$10,001,402.67	$3,197.33	.03	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV89	10,000,000.0000	04/18/2019	$10,003,000.00	$10,000,291.92	$2,708.08	.03	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PW62	10,000,000.0000	08/30/2019	$9,999,300.00	$10,000,619.00	($1,319.00)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUW CERT OF DEPOSIT									

Exhibit 1

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
63375PW96	10,000,000.0000	08/01/2019	$9,998,300.00	$10,000,533.23	($2,233.23)	(.02)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
65590AUG9	10,000,000.0000	03/28/2019	$9,997,100.00	$10,000,000.00	($2,900.00)	(.03)			.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
65590AUW4	10,000,000.0000	04/09/2019	$9,995,500.00	$10,000,000.00	($4,500.00)	(.04)			.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
65590AWW2	20,000,000.0000	05/10/2019	$19,989,360.00	$20,003,757.76	($14,397.76)	(.07)	N/A	N/A	.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
69033L4Z9	10,000,000.0000	02/07/2019	$9,999,900.00	$10,002,233.67	($2,333.67)	(.02)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANK CERT OF DEPOSIT									
69033L6E4	10,000,000.0000	06/07/2019	$9,999,500.00	$10,002,906.45	($3,406.45)	(.03)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEN3	20,000,000.0000	10/11/2019	$20,008,600.00	$20,003,011.96	$5,588.04	.03	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEQ6	10,000,000.0000	08/30/2019	$10,005,400.00	$10,001,271.16	$4,128.84	.04	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MER4	20,000,000.0000	08/30/2019	$20,010,800.00	$20,003,797.64	$7,002.36	.04	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MES2	10,000,000.0000	01/10/2020	$10,004,200.00	$10,001,964.42	$2,235.58	.02	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MET0	10,000,000.0000	09/23/2019	$10,002,600.00	$10,001,373.08	$1,226.92	.01	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEU7	10,000,000.0000	09/17/2019	$10,003,000.00	$10,001,335.65	$1,664.35	.02	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MFD4	15,000,000.0000	04/29/2019	$15,000,150.00	$15,000,731.85	($581.85)	.00	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
78012UCJ2	10,000,000.0000	03/28/2019	$9,999,300.00	$10,000,000.00	($700.00)	(.01)	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UEA9	10,000,000.0000	03/28/2019	$9,998,900.00	$10,000,000.00	($1,100.00)	(.01)	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UER2	10,000,000.0000	07/05/2019	$9,999,000.00	$10,000,000.00	($1,000.00)	(.01)	N/A	N/A	.0000	.00

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COUNTY OF VENTURA

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
ROYAL BK OF CANADA CERT OF DEPOSIT										
78012UET8	10,000,000.0000	06/04/2019	$9,997,800.00	$10,000,000.00	($2,200.00)	(.02)	N/A	N/A	.0000	.00
ROYAL BK OF CANADA CERT OF DEPOSIT										
78012UJJ5	25,000,000.0000	06/03/2019	$24,999,500.00	$25,000,000.00	($500.00)	.00	N/A	N/A	.0000	.00
ROYAL BK OF CANADA CERT OF DEPOSIT										
78012UJM8	20,000,000.0000	07/12/2019	$20,014,000.00	$20,000,000.00	$14,000.00	.07	N/A	N/A	.0000	.00
ROYAL BK OF CANADA CERT OF DEPOSIT										
78012UKC8	10,000,000.0000	07/25/2019	$10,012,300.00	$10,000,000.00	$12,300.00	.12	N/A	N/A	.0000	.00
ROYAL BK OF CANADA CERT OF DEPOSIT										
78012UKY0	10,000,000.0000	12/10/2019	$10,021,100.00	$10,000,000.00	$21,100.00	.21	N/A	N/A	.0000	.00
ROYAL BK OF CANADA CERT OF DEPOSIT										
85325TS97	15,000,000.0000	07/22/2019	$15,017,250.00	$15,002,201.10	$15,048.90	.10	N/A	N/A	.0000	.00
STANDARD CHRTRD BNK NY CERT OF DEPOSIT										
85325TT96	10,000,000.0000	11/06/2019	$10,029,800.00	$10,001,473.40	$28,326.60	.28	N/A	N/A	.0000	.00
STANDARD CHRTRD BNK NY CERT OF DEPOSIT										
85325TZ57	10,000,000.0000	09/06/2019	$10,006,800.00	$10,001,251.44	$5,548.56	.06	N/A	N/A	.0000	.00
STANDARD CHRTRD BNK NY CERT OF DEPOSIT										
89113X5R1	10,000,000.0000	07/05/2019	$9,998,000.00	$10,001,974.91	($3,974.91)	(.04)	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89113XC93	10,000,000.0000	03/28/2019	$10,000,500.00	$10,002,963.00	($2,463.00)	(.02)	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89113XY81	20,000,000.0000	03/05/2019	$19,999,200.00	$20,003,052.94	($3,852.94)	(.02)	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114MFW2	10,000,000.0000	09/25/2019	$10,003,500.00	$10,002,958.28	$541.72	.01	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114MMF1	10,000,000.0000	06/27/2019	$10,010,800.00	$10,001,801.30	$8,998.70	.09	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114MMQ7	10,000,000.0000	07/02/2019	$10,010,500.00	$10,000,611.12	$9,888.88	.10	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										
89114MPV3	25,000,000.0000	12/02/2019	$25,061,500.00	$25,007,219.85	$54,280.15	.22	N/A	N/A	.0000	.00
TORONTO-DOMINION CERT OF DEPOSIT										

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
89114MQB6	5,000,000.0000	12/11/2019	$5,012,100.00	$5,001,475.50	$10,624.50	.21	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89114MSB4	10,000,000.0000	01/02/2020	$10,020,200.00	$10,001,968.30	$18,231.70	.18	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89114MSV0	10,000,000.0000	08/30/2019	$10,004,900.00	$10,000,633.06	$4,266.94	.04	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
SUBTOTAL	**750,000,000.0000**		**$750,288,330.00**	**$750,102,879.53**	**$185,450.47**	**.02**			**.0000**	**.00**
COMMERCIAL PAPER										
COMMERCIAL PAPER DISCOUNT										
06406XPS7	25,000,000.0000	02/26/2019	$24,957,000.00	$24,836,312.50	$120,687.50	.49			.0000	.00
	BNY MELLON CPDN DTD 11/21/18 02/26/2019									
22533UP15	10,000,000.0000	02/01/2019	$10,000,000.00	$9,825,375.00	$174,625.00	1.78			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 05/08/18 02/01/2019									
22533UQ89	10,000,000.0000	03/08/2019	$9,975,300.00	$9,816,808.30	$158,491.70	1.61			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 06/14/18 03/08/2019									
22533URJ4	25,000,000.0000	04/18/2019	$24,860,750.00	$24,786,889.00	$73,861.00	.30			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/27/18 04/18/2019									
22533US61	10,000,000.0000	05/06/2019	$9,930,300.00	$9,859,961.11	$70,338.89	.71			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 10/05/18 05/06/2019									
22533UUF8	10,000,000.0000	07/15/2019	$9,877,000.00	$9,799,333.33	$77,666.67	.79			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 10/30/18 07/15/2019									
22533UV18	10,000,000.0000	08/01/2019	$9,863,700.00	$9,785,722.20	$77,977.80	.80			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 11/08/18 08/01/2019									
22533UVU4	10,000,000.0000	08/28/2019	$9,843,400.00	$9,830,891.67	$12,508.33	.13			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 08/28/2019									
22533UVW0	10,000,000.0000	08/30/2019	$9,841,900.00	$9,835,611.11	$6,288.89	.06			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/06/18 08/30/2019									
22533UW33	15,000,000.0000	09/03/2019	$14,752,950.00	$14,705,350.05	$47,599.95	.32			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 09/03/2019									
2254EBS85	20,000,000.0000	05/08/2019	$19,857,600.00	$19,682,327.78	$175,272.22	.89			.0000	.00
	CREDIT SUISSE AG CPDN DTD 10/09/18 05/08/2019									

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
2254EBT50	20,000,000.0000	06/05/2019	$19,815,400.00	$19,644,027.80	$171,372.20	.87			.0000	.00
	CREDIT SUISSE AG CPDN DTD 10/15/18 06/05/2019									
2254EBTT8	20,000,000.0000	06/27/2019	$19,782,600.00	$19,713,416.60	$69,183.40	.35			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/28/18 06/27/2019									
2254EBUJ8	10,000,000.0000	07/18/2019	$9,874,800.00	$9,827,800.00	$47,000.00	.48			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/14/18 07/18/2019									
2254EBV16	25,000,000.0000	08/01/2019	$24,659,250.00	$24,572,027.75	$87,222.25	.35			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/27/18 08/01/2019									
2254EBV99	25,000,000.0000	08/09/2019	$24,644,250.00	$24,445,081.75	$199,168.25	.81			.0000	.00
	CREDIT SUISSE AG CPDN DTD 11/13/18 08/09/2019									
25213MBP5	25,000,000.0000	07/15/2019	$24,692,500.00	$24,548,250.00	$144,250.00	.59			.0000	.00
	DEXIA CREDIT LOCAL CPDN DTD 11/23/18 07/15/2019									
25214PMY6	10,000,000.0000	08/01/2019	$9,863,700.00	$9,806,516.67	$57,183.33	.58			.0000	.00
	DEXIA CREDIT LOCAL CPDN DTD 11/27/18 08/01/2019									
46640QPN5	10,000,000.0000	02/22/2019	$9,985,700.00	$9,897,916.67	$87,783.33	.89			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 05/29/18 02/22/2019									
46640QQC8	10,000,000.0000	03/12/2019	$9,972,500.00	$9,808,750.00	$163,750.00	1.67			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 06/15/18 03/12/2019									
46640QQF1	10,000,000.0000	03/15/2019	$9,970,400.00	$9,808,000.00	$162,400.00	1.66			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 06/18/18 03/15/2019									
46640QR11	10,000,000.0000	04/01/2019	$9,957,700.00	$9,807,250.00	$150,450.00	1.53			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 07/05/18 04/01/2019									
46640QS10	10,000,000.0000	05/01/2019	$9,934,700.00	$9,858,719.44	$75,980.56	.77			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/14/18 05/01/2019									
46640QS36	20,000,000.0000	05/03/2019	$19,865,000.00	$19,688,744.40	$176,255.60	.90			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/06/18 05/03/2019									
46640QS69	10,000,000.0000	05/06/2019	$9,930,300.00	$9,857,938.90	$72,361.10	.73			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/09/18 05/06/2019									
46640QSD4	10,000,000.0000	05/13/2019	$9,925,100.00	$9,828,583.33	$96,516.67	.98			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/16/18 05/13/2019									
46640QT50	20,000,000.0000	06/05/2019	$19,815,400.00	$19,643,936.10	$171,463.90	.87			.0000	.00

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J.P. MORGAN SECURITIES CPDN DTD 10/11/18 06/05/2019										
46640QT76	10,000,000.0000	06/07/2019	$9,906,200.00	$9,805,700.00	$100,500.00	1.02			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 09/10/18 06/07/2019										
46640QTE1	10,000,000.0000	06/14/2019	$9,901,000.00	$9,818,666.67	$82,333.33	.84			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 09/17/18 06/14/2019										
46640QUK5	25,000,000.0000	07/19/2019	$24,685,000.00	$24,520,077.73	$164,922.27	.67			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 10/22/18 07/19/2019										
46640QUN9	10,000,000.0000	07/22/2019	$9,871,800.00	$9,784,000.00	$87,800.00	.90			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 10/25/18 07/22/2019										
46640QW31	30,000,000.0000	09/03/2019	$29,505,900.00	$29,408,700.00	$97,200.00	.33			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 12/07/18 09/03/2019										
5006E1PE8	20,000,000.0000	02/14/2019	$19,982,400.00	$19,798,555.60	$183,844.40	.93			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 09/19/18 02/14/2019										
5006E1Q56	10,000,000.0000	03/05/2019	$9,977,400.00	$9,813,100.00	$164,300.00	1.67			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 06/11/18 03/05/2019										
5006E1QF4	20,000,000.0000	03/15/2019	$19,940,800.00	$19,616,000.00	$324,800.00	1.66			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 06/18/18 03/15/2019										
5006E1SV7	20,000,000.0000	05/29/2019	$19,826,400.00	$19,615,777.80	$210,622.20	1.07			.0000	.00
KOREA DEVELOPMENT BANK CPDN DTD 09/04/18 05/29/2019										
5006E1UJ1	10,000,000.0000	07/18/2019	$9,874,800.00	$9,825,600.00	$49,200.00	.50			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 12/12/18 07/18/2019										
62479MS12	10,000,000.0000	05/01/2019	$9,934,700.00	$9,860,730.56	$73,969.44	.75			.0000	.00
MUFG BANK LTD NY BRAN CPDN DTD 10/31/18 05/01/2019										
62479MV18	10,000,000.0000	08/01/2019	$9,863,700.00	$9,786,461.11	$77,238.89	.79			.0000	.00
MUFG BANK LTD NY BRAN CPDN DTD 11/08/18 08/01/2019										
89233HP16	5,000,000.0000	02/01/2019	$5,000,000.00	$4,914,612.50	$85,387.50	1.74			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 05/08/18 02/01/2019										
89233HQ80	15,000,000.0000	03/08/2019	$14,962,950.00	$14,719,875.00	$243,075.00	1.65			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 06/11/18 03/08/2019										
89233HQC1	20,000,000.0000	03/12/2019	$19,945,000.00	$19,626,500.00	$318,500.00	1.62			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 06/15/18 03/12/2019										

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89233HQE7	10,000,000.0000	03/14/2019	$9,971,100.00	$9,813,941.67	$157,158.33	1.60			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 06/18/18 03/14/2019									
89233HUJ1	10,000,000.0000	07/18/2019	$9,874,800.00	$9,827,841.67	$46,958.33	.48			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 12/11/18 07/18/2019									
89233HW91	20,000,000.0000	09/09/2019	$19,661,400.00	$19,612,500.00	$48,900.00	.25			.0000	.00
	TOYOTA MOTOR CREDIT CO CPDN DTD 12/14/18 09/09/2019									
8923A1PD7	10,000,000.0000	02/13/2019	$9,991,900.00	$9,904,544.44	$87,355.56	.88			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 09/24/18 02/13/2019									
8923A1PS4	15,000,000.0000	02/26/2019	$14,974,200.00	$14,723,958.33	$250,241.67	1.70			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 06/06/18 02/26/2019									
8923A1PT2	10,000,000.0000	02/27/2019	$9,982,100.00	$9,815,972.22	$166,127.78	1.69			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 06/07/18 02/27/2019									
8923A1SU6	10,000,000.0000	05/28/2019	$9,914,000.00	$9,812,322.22	$101,677.78	1.04			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 09/04/18 05/28/2019									
8923A1UF6	25,000,000.0000	07/15/2019	$24,692,500.00	$24,476,875.00	$215,625.00	.88			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 10/18/18 07/15/2019									
8923A1UJ8	10,000,000.0000	07/18/2019	$9,874,800.00	$9,827,800.00	$47,000.00	.48			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 12/14/18 07/18/2019									
8923A1V16	20,000,000.0000	08/01/2019	$19,727,400.00	$19,606,750.00	$120,650.00	.62			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 11/26/18 08/01/2019									
8923A1V99	15,000,000.0000	08/09/2019	$14,786,550.00	$14,679,516.67	$107,033.33	.73			.0000	.00
	TOYOTA CDT DE PR COR CPDN DTD 11/14/18 08/09/2019									
8923A1W49	10,000,000.0000	09/04/2019	$9,834,600.00	$9,818,411.11	$16,188.89	.16			.0000	.00
	TOYOTA CDT DE PR CORP CPDN DTD 01/11/19 09/04/2019									
SUBTOTAL	**790,000,000.0000**		**$782,912,600.00**	**$776,356,331.76**	**$6,556,268.24**	**.84**			**.0000**	**.00**
CORPORATE BONDS										
CORPORATE BONDS										
02665WBE0	1,095,000.0000	07/12/2019	$1,087,729.20	$1,083,075.45	$4,653.75	.43	A+	A2	.0000	.00
	AMERICAN HONDA FINANCE MED TERM NOTE									
037833AQ3	4,827,000.0000	05/06/2019	$4,820,773.17	$4,815,822.75	$4,950.42	.10	AA+	AA1	.0000	.00
	APPLE INC DTD 05/06/14 2.100 05/06/2019									

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COUNTY OF VENTURA

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
037833CE8	10,000,000.0000	02/08/2019	$9,998,400.00	$9,992,400.00	$6,000.00	.06	AA+	AA1	.0000	.00
	APPLE INC DTD 02/09/17 1.550 02/08/2019									
037833CZ1	7,840,000.0000	09/12/2019	$7,788,177.60	$7,807,132.14	($18,954.54)	(.24)	AA+	AA1	.0000	.00
	APPLE INC DTD 09/12/17 1.500 09/12/2019									
05253JAN1	110,000.0000	07/15/2019	$109,422.50	$109,041.35	$381.15	.35	AA-	AA3	.0000	.00
	AUST & NZ BANKING GROUP DTD 07/15/16 1.600 07/15/2019									
06406HCW7	18,266,000.0000	09/11/2019	$18,206,270.18	$18,217,958.88	($11,688.70)	(.06)	A	A1	.0000	.00
	BANK OF NEW YORK MELLON MED TERM NOTE									
084664CG4	1,700,000.0000	03/15/2019	$1,698,606.00	$1,690,667.00	$7,939.00	.47	AA	AA2	.0000	.00
	BERKSHIRE HATHAWAY FIN DTD 03/15/16 1.700 03/15/2019									
084664CK5	14,697,000.0000	08/15/2019	$14,590,593.72	$14,530,598.63	$59,995.09	.41	AA	AA2	.0000	.00
	BERKSHIRE HATHAWAY FIN DTD 08/15/16 1.300 08/15/2019									
166764AG5	1,000,000.0000	06/24/2020	$998,740.00	$995,450.00	$3,290.00	.33	AA	AA2	.0000	.00
	CHEVRON CORP DTD 06/24/13 2.427 06/24/2020									
166764BH2	20,000,000.0000	05/16/2019	$19,942,000.00	$19,824,890.00	$117,110.00	.59	AA	AA2	.0000	.00
	CHEVRON CORP DTD 05/16/16 1.561 05/16/2019									
17275RBG6	14,890,000.0000	09/20/2019	$14,779,218.40	$14,712,340.00	$66,878.40	.45	AA-	A1	.0000	.00
	CISCO SYSTEMS INC DTD 09/20/16 1.400 09/20/2019									
19416QEF3	2,000,000.0000	03/15/2019	$1,998,340.00	$1,989,660.00	$8,680.00	.44	AA-	AA3	.0000	.00
	COLGATE-PALMOLIVE CO MED TERM NOTE									
24422ETJ8	5,250,000.0000	10/09/2019	$5,197,552.50	$5,171,040.00	$26,512.50	.51	A	A2	.0000	.00
	JOHN DEERE CAPITAL CORP MED TERM NOTE									
25468PCK0	1,958,000.0000	03/15/2019	$1,964,187.28	$2,014,879.90	($50,692.62)	(2.52)	A+	A2	.0000	.00
	WALT DISNEY COMPANY DTD 03/16/09 5.500 03/15/2019									
25468PDA1	3,455,000.0000	05/30/2019	$3,446,293.40	$3,442,710.57	$3,582.83	.10	A+	A2	.0000	.00
	WALT DISNEY COMPANY/THE MED TERM NOTE									
30231GAP7	6,420,000.0000	03/01/2019	$6,417,046.80	$6,387,001.20	$30,045.60	.47	AA+	AAA	.0000	.00
	EXXON MOBIL CORPORATION DTD 03/03/16 1.708 03/01/2019									
458182DX7	3,219,000.0000	05/13/2019	$3,205,126.11	$3,195,147.21	$9,978.90	.31	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 04/12/16 1.000 05/13/2019									
4581X0BG2	8,428,000.0000	09/17/2019	$8,494,496.92	$8,525,815.37	($31,318.45)	(.37)	N/A	AAA	.0000	.00

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	INTER-AMERICAN DEVEL BK DTD 09/17/09 3.875 09/17/2019									
4581X0CR7	38,173,000.0000	10/15/2019	$37,803,867.09	$37,600,189.03	$203,678.06	.54	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 10/15/15 1.250 10/15/2019									
4581X0CX4	9,510,000.0000	05/12/2020	$9,399,779.10	$9,380,293.11	$19,485.99	.21	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 04/12/17 1.625 05/12/2020									
459058DW0	5,000,000.0000	10/07/2019	$4,972,950.00	$4,958,500.00	$14,450.00	.29	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/07/14 1.875 10/07/2019									
459058FB4	5,000,000.0000	04/26/2019	$4,986,600.00	$5,000,000.00	($13,400.00)	(.27)	N/A	N/A	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.300 04/26/2019									
459058FC2	20,000,000.0000	04/26/2019	$19,940,800.00	$19,961,950.00	($21,150.00)	(.11)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.250 04/26/2019									
459058FK4	25,000,000.0000	08/15/2019	$24,767,250.00	$24,679,950.00	$87,300.00	.35	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 07/13/16 0.875 08/15/2019									
459058FS7	10,000,000.0000	11/27/2019	$9,882,700.00	$9,845,000.00	$37,700.00	.38	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/27/16 1.125 11/27/2019									
45905UVC5	15,000,000.0000	02/26/2019	$14,991,150.00	$14,990,000.00	$1,150.00	.01	N/A	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 02/26/16 1.350 02/26/2019									
45905UZT4	13,925,000.0000	11/22/2021	$13,614,333.25	$13,590,521.50	$23,811.75	.18	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 11/22/16 1.750 11/22/2021									
459200JE2	29,775,000.0000	05/17/2019	$29,687,461.50	$29,602,165.22	$85,296.28	.29	A	A1	.0000	.00
	IBM CORP DTD 02/19/16 1.800 05/17/2019									
45950VMZ6	10,000,000.0000	01/25/2020	$10,000,400.00	$10,000,000.00	$400.00	.00	N/A	N/A	.0000	.00
	INTL FINANCE CORP DTD 01/25/19 2.630 01/25/2020									
594918BN3	28,338,000.0000	08/08/2019	$28,131,699.36	$28,041,951.34	$89,748.02	.32	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 08/08/16 1.100 08/08/2019									
717081DL4	1,455,000.0000	05/15/2019	$1,453,283.10	$1,450,635.00	$2,648.10	.18	AA	A1	.0000	.00
	PFIZER INC DTD 05/15/14 2.100 05/15/2019									
89236TDE2	337,000.0000	05/20/2019	$335,726.14	$333,754.69	$1,971.45	.59	AA-	AA3	.0000	.00
	TOYOTA MOTOR CREDIT CORP DTD 05/20/16 1.400 05/20/2019									
90331HML4	14,950,000.0000	10/28/2019	$14,884,070.50	$14,829,958.00	$54,112.50	.36	AA-	A1	.0000	.00
	US BANK NA CINCINNATI DTD 10/28/14 2.125 10/28/2019									

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Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
90331HMY6	3,750,000.0000	04/26/2019	$3,739,575.00	$3,729,000.00	$10,575.00	.28	AA-	A1	.0000	.00
	US BANK NA CINCINNATI DTD 04/26/16 1.400 04/26/2019									
91159HHH6	5,000,000.0000	04/25/2019	$4,994,800.00	$4,984,400.00	$10,400.00	.21	A+	A1	.0000	.00
	US BANCORP MED TERM NOTE									
CORPORATE STRIPPED/ZERO COUPON										
45818KFC1	20,000,000.0000	05/03/2019	$19,878,200.00	$19,790,000.00	$88,200.00	.45	N/A	N/A	.0000	.00
	IADB DISCOUNT NOTE ZERO CPN DTD 05/03/18 05/03/2019									
459052BL9	10,000,000.0000	02/04/2019	$9,998,000.00	$9,876,933.33	$121,066.67	1.23	N/A	N/A	.0000	.00
	IBRD DISCOUNT NOTE ZERO CPN DTD 02/05/18 02/04/2019									
459052DB9	10,000,000.0000	03/15/2019	$9,972,000.00	$9,843,250.00	$128,750.00	1.31	N/A	N/A	.0000	.00
	IBRD DISCOUNT NOTE ZERO CPN DTD 03/15/18 03/15/2019									
459516BH2	10,000,000.0000	02/01/2019	$10,000,000.00	$9,853,950.00	$146,050.00	1.48	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 02/01/18 02/01/2019									
459516BP4	10,000,000.0000	02/07/2019	$9,996,000.00	$9,828,977.80	$167,022.20	1.70	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 02/07/18 02/07/2019									
459516BW9	20,000,000.0000	02/14/2019	$19,982,800.00	$19,651,022.20	$331,777.80	1.69	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 02/14/18 02/14/2019									
459516BX7	10,000,000.0000	02/15/2019	$9,990,700.00	$9,845,733.30	$144,966.70	1.47	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 02/15/18 02/15/2019									
459516DB3	10,000,000.0000	03/15/2019	$9,972,000.00	$9,843,250.00	$128,750.00	1.31	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 03/15/18 03/15/2019									
459516DR8	5,000,000.0000	03/29/2019	$4,981,350.00	$4,911,013.89	$70,336.11	1.43	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 03/29/18 03/29/2019									
459516EF3	10,000,000.0000	04/12/2019	$9,953,300.00	$9,786,238.90	$167,061.10	1.71	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 04/12/18 04/12/2019									
459516EM8	5,000,000.0000	04/18/2019	$4,974,650.00	$4,891,908.35	$82,741.65	1.69	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 04/18/18 04/18/2019									
459516ES5	5,000,000.0000	04/23/2019	$4,973,000.00	$4,970,250.00	$2,750.00	.06	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 04/23/18 04/23/2019									
459516FA3	8,000,000.0000	05/01/2019	$7,952,320.00	$7,910,191.11	$42,128.89	.53	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 05/01/18 05/01/2019									

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459516FN5	10,000,000.0000	05/13/2019	$9,932,400.00	$9,784,808.33	$147,591.67	1.51	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 05/14/18 05/13/2019									
459516GP9	20,000,000.0000	06/07/2019	$19,830,000.00	$19,551,766.60	$278,233.40	1.42	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 06/07/18 06/07/2019									
459516HG8	20,000,000.0000	06/24/2019	$19,807,000.00	$19,636,894.50	$170,105.50	.87	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 06/25/18 06/24/2019									
459516JG6	10,000,000.0000	07/18/2019	$9,886,800.00	$9,849,133.33	$37,666.67	.38	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 07/18/18 07/18/2019									
SUBTOTAL	**553,368,000.0000**		**$550,409,938.82**	**$547,309,219.98**	**$3,100,718.84**	**.57**			**.0000**	**.00**
FEDERAL AGENCY										
GOVERNMENT AGENCIES										
3130A7RT4	20,000,000.0000	04/18/2019	$19,947,400.00	$19,989,000.00	($41,600.00)	(.21)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/18/16 1.200 04/18/2019									
3130AAXX1	10,000,000.0000	03/18/2019	$9,986,800.00	$9,929,330.00	$57,470.00	.58	AA+	N/A	.0000	.00
	FED HOME LN BK DTD 03/10/17 1.375 03/18/2019									
3130ADL26	5,000,000.0000	02/01/2019	$5,000,000.00	$4,997,180.00	$2,820.00	.06	N/A	AAA	.0000	.00
	FED HOME LN BK SER 0000									
3130ADRY0	5,370,000.0000	03/05/2019	$5,368,013.10	$5,366,826.33	$1,186.77	.02	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/05/18 2.000 03/05/2019									
3130ADUL4	10,000,000.0000	03/19/2019	$9,996,300.00	$10,000,000.00	($3,700.00)	(.04)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/19/18 2.125 03/19/2019									
3130ADWH1	8,250,000.0000	03/28/2019	$8,246,370.00	$8,247,987.00	($1,617.00)	(.02)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/28/18 2.125 03/28/2019									
3130AE5E6	10,300,000.0000	04/23/2019	$10,296,189.00	$10,299,485.00	($3,296.00)	(.03)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/23/18 2.250 04/23/2019									
3130AE6P0	5,000,000.0000	04/26/2019	$4,998,050.00	$4,998,605.00	($555.00)	(.01)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/26/18 2.250 04/26/2019									
3130AEAT7	2,500,000.0000	05/07/2019	$2,498,875.00	$2,500,000.00	($1,125.00)	(.04)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 05/07/18 2.250 05/07/2019									
3130AECL2	10,000,000.0000	05/21/2019	$9,994,600.00	$9,997,000.00	($2,400.00)	(.02)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 05/21/18 2.250 05/21/2019									

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3130AERW2	8,145,000.0000	08/09/2019	$8,139,217.05	$8,137,482.17	$1,734.88	.02	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 08/09/18 2.375 08/09/2019									
3130AFB89	5,000,000.0000	11/30/2020	$5,036,650.00	$4,994,975.00	$41,675.00	.83	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 10/22/18 2.920 11/30/2020									
3130AFMR5	5,000,000.0000	01/02/2020	$4,999,650.00	$5,002,200.00	($2,550.00)	(.05)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 01/02/19 2.625 01/02/2020									
3133EDVK5	1,000,000.0000	03/18/2019	$999,270.00	$996,356.00	$2,914.00	.29	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 09/18/14 1.750 03/18/2019									
3133EGGY5	500,000.0000	09/21/2020	$491,720.00	$486,075.00	$5,645.00	1.16	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 06/21/16 1.490 09/21/2020									
3133EJ6B0	10,000,000.0000	04/24/2020	$10,012,800.00	$9,997,760.00	$15,040.00	.15	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/24/19 2.600 04/24/2020									
3133EJAS8	23,750,000.0000	02/28/2019	$23,742,400.00	$23,741,090.00	$1,310.00	.01	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/29/18 1.880 02/28/2019									
3133EJAU3	10,000,000.0000	04/29/2019	$9,988,700.00	$10,000,000.00	($11,300.00)	(.11)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/29/18 1.920 04/29/2019									
3133EJJ91	5,000,000.0000	10/22/2019	$5,006,600.00	$5,000,000.00	$6,600.00	.13	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 10/22/18 2.700 10/22/2019									
3133EJXR5	12,500,000.0000	08/22/2019	$12,498,750.00	$12,500,000.00	($1,250.00)	(.01)	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 08/22/18 2.450 08/22/2019									
3134G8TV1	5,350,000.0000	03/29/2019	$5,340,370.00	$5,347,271.50	($6,901.50)	(.13)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE SER 0000									
3134G8ZZ5	10,000,000.0000	04/26/2019	$9,968,900.00	$10,000,000.00	($31,100.00)	(.31)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GSU78	10,000,000.0000	01/29/2021	$10,006,000.00	$10,000,000.00	$6,000.00	.06	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3135G0J53	20,514,000.0000	02/26/2019	$20,492,665.44	$20,309,513.00	$183,152.44	.90	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER *									
3135G0N33	40,000,000.0000	08/02/2019	$39,672,000.00	$39,514,800.00	$157,200.00	.40	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 08/02/16 0.875 08/02/2019									
3135G0P49	5,000,000.0000	08/28/2019	$4,956,850.00	$4,951,130.00	$5,720.00	.12	AA+	AAA	.0000	.00

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		FED NATL MTG ASSN SER *								
3135G0ZY2	6,290,000.0000	11/26/2019	$6,249,995.60	$6,231,182.21	$18,813.39	.30	AA+	AAA	.0000	.00
		FED NATL MTG ASSN DTD 11/07/14 1.750 11/26/2019								
3136G3AG0	4,290,000.0000	02/26/2019	$4,286,096.10	$4,284,637.50	$1,458.60	.03	AA+	AAA	.0000	.00
		FED NATL MTG ASSN SER 0001								
3137EAEB1	28,250,000.0000	07/19/2019	$28,041,797.50	$27,931,116.00	$110,681.50	.40	AA+	AAA	.0000	.00
		FED HOME LN MTG CORP DTD 07/20/16 0.875 07/19/2019								
STRIPPED AND ZERO-COUPON										
912833KU3	5,000,000.0000	02/15/2019	$4,995,600.00	$4,899,250.00	$96,350.00	1.97	N/A	N/A	.0000	.00
		U S TREASURY SEC STRIPPED ZERO CPN GENERIC TINT PMT								
SUBTOTAL	**302,009,000.0000**		**$301,258,628.79**	**$300,650,251.71**	**$608,377.08**	**.20**			**.0000**	**.00**
MUNICIPAL BONDS										
MUNICIPAL TAXABLE										
13063DAB4	2,310,000.0000	04/01/2019	$2,306,003.70	$2,298,172.80	$7,830.90	.34	AA-	AA3	.0000	.00
		CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI								
13063DFZ6	16,000,000.0000	04/01/2020	$15,984,000.00	$16,022,880.00	($38,880.00)	(.24)	AA-	AA3	.0000	.00
		CALIFORNIA ST TXBL								
13063DGM4	21,900,000.0000	08/01/2019	$21,967,452.00	$22,031,059.00	($63,607.00)	(.29)	AA-	AA3	.0000	.00
		CALIFORNIA ST TXBL-VARIOUS PURPOSE-CONSTRUCT								
13077DBJ0	560,000.0000	11/01/2019	$554,506.40	$560,000.00	($5,493.60)	(.98)	AA-	AA2	.0000	.00
		CALIFORNIA ST UNIV REVENUE TXBL-REF-SYSTEMWIDE-SER B								
221623XF3	575,000.0000	08/01/2019	$571,780.00	$575,000.00	($3,220.00)	(.56)	AA	A1	.0000	.00
		COTATI-ROHNERT PARK CA UNIF SC TXBL-ELECTION 2016-SER B								
68609BUR6	100,000.0000	05/01/2019	$99,639.00	$100,000.00	($361.00)	(.36)	AA+	AA1	.0000	.00
		OREGON ST TXBL-ARTICLE XI-Q-SER E								
697364DU8	180,000.0000	11/01/2019	$179,820.00	$180,000.00	($180.00)	(.10)	AA+	N/A	.0000	.00
		PALO ALTO CA COPS TXBL-REF-CAPITAL IMPT PROJ-GRE								
797330AC1	3,045,000.0000	06/01/2019	$3,039,366.75	$3,045,000.00	($5,633.25)	(.19)	A	N/A	.0000	.00
		SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A								
797330AD9	3,060,000.0000	06/01/2020	$3,045,250.80	$3,060,000.00	($14,749.20)	(.48)	A	N/A	.0000	.00
		SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A								
7976462R6	10,000,000.0000	06/15/2019	$10,005,500.00	$10,062,300.00	($56,800.00)	(.56)	AA+	AAA	.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 01/31/2019
02/11/2019 11:24:05 AM EST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	SAN FRANCISCO CITY & CNTY CA TXBL-SER D									
797669XS2	750,000.0000	07/01/2019	$748,335.00	$748,102.50	$232.50	.03	AA+	N/A	.0000	.00
	SAN FRANCISCO CA BAY AREA RAPI TXBL-REF-GREEN BOND-SER B									
798339GP6	300,000.0000	08/01/2019	$298,449.00	$300,000.00	($1,551.00)	(.52)	AAA	N/A	.0000	.00
	SAN JUAN CAPISTRANO CA TXBL-REF-OPEN SPACE MEASURE									
798455BJ9	635,000.0000	09/01/2019	$634,536.45	$635,000.00	($463.55)	(.07)	AA-	N/A	.0000	.00
	SAN LEANDRO CA REDEV AGY SUCCE TXBL-REF-REDEV PROJ-SER B									
80136PCY7	955,000.0000	12/01/2021	$966,603.25	$955,000.00	$11,603.25	1.22	AA	A1	.0000	.00
	SANTA BARBARA CNTY CA SOLID WA TXBL-SER C									
899154AR9	1,500,000.0000	06/01/2019	$1,499,475.00	$1,500,000.00	($525.00)	(.03)	AA-	A1	.0000	.00
	TULARE CNTY CA PENSN OBLG TXBL									
899154AS7	5,000,000.0000	06/01/2020	$5,000,950.00	$5,000,000.00	$950.00	.02	AA-	A1	.0000	.00
	TULARE CNTY CA PENSN OBLG TXBL									
91412GD36	3,000,000.0000	05/15/2019	$2,988,180.00	$3,000,000.00	($11,820.00)	(.39)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS									
91412GS71	2,000,000.0000	05/15/2019	$1,994,560.00	$2,000,000.00	($5,440.00)	(.27)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-GEN-SER AW									
91412HBF9	1,470,000.0000	05/15/2019	$1,469,706.00	$1,470,000.00	($294.00)	(.02)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-SER BA									
SUBTOTAL	**73,340,000.0000**		**$73,354,113.35**	**$73,542,514.30**	**($188,400.95)**	**(.26)**			**.0000**	**.00**
OTHER ASSETS										
OTHER ASSETS										
MS6232818	55,000,000.0000		$55,000,000.00	$55,000,000.00	$.00	.00			.0000	.00
	CA LAIF STATE OF CALIFORNIA INVESTMENT FD									
MS6615459	25,000,000.0000		$24,940,150.00	$25,000,000.00	($59,850.00)	(.24)			.0000	.00
	CALTRUST SHORT TERM ACCT									
SUBTOTAL	**80,000,000.0000**		**$79,940,150.00**	**$80,000,000.00**	**($59,850.00)**	**(.07)**			**.0000**	**.00**
ACCOUNT 11435100 TOTAL	**2,693,717,000.0000**		**$2,682,060,610.96**	**$2,670,626,228.63**	**$11,434,382.33**	**.43**			**.0000**	**.00**
GRAND TOTAL	**2,693,717,000.0000**		**$2,682,060,610.96**	**$2,670,626,228.63**	**$11,434,382.33**	**.43**			**.0000**	**.00**

END OF REPORT

Exhibit 1

MONTHLY TRANSACTIONS REPORT - JANUARY 2019

Transaction Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Yield
01/02/19	Purchase	10,000,000.00	YCD	KOOKMIN BANK NEW YORK	07/19/19	2.910
01/02/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	01/02/20	2.980
01/02/19	Purchase	10,000,000.00	YCD	NATL BANK OF KUWAIT NY	04/18/19	2.940
01/02/19	Purchase	20,000,000.00	CP	TOYOTA MOTOR CREDIT CORP	09/09/19	2.790
01/03/19	Purchase	15,000,000.00	CP	JP MORGAN SECURITIES LLC	09/03/19	2.920
01/03/19	Purchase	15,000,000.00	CP	JP MORGAN SECURITIES LLC	09/03/19	2.920
01/04/19	Purchase	5,000,000.00	GA	FHLB	01/02/20	2.580
01/04/19	Purchase	13,925,000.00	SUPRANATIONAL	INTL BK RECON & DEVELOP	11/22/21	2.620
01/04/19	Purchase	30,000,000.00	CP	CREDIT AGRICOLE CIB NY	01/14/19	2.390
01/07/19	Purchase	750,000.00	MUNI	SAN FRANCISCO CA BAY AREA	07/01/19	2.540
01/07/19	Purchase	15,000,000.00	MTN	MICROSOFT CORP	08/08/19	2.622
01/07/19	Purchase	3,455,000.00	MTN	WALT DISNEY COMPANY	05/30/19	2.750
01/07/19	Purchase	20,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	10/11/19	2.840
01/09/19	Purchase	5,000,000.00	GA	FNMA	08/28/19	2.558
01/09/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	08/30/19	2.830
01/10/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	08/30/19	2.790
01/10/19	Purchase	20,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	08/30/19	2.820
01/11/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	01/10/20	2.910
01/11/19	Purchase	10,000,000.00	CP	TOYOTA CREDIT PUERTO RICO	09/04/19	2.770
01/14/19	Purchase	20,000,000.00	YCD	KOREA DEVELOPMENT BK NY	10/07/19	2.865
01/14/19	Purchase	1,000,000.00	MTN	CHEVRON CORP	06/24/20	2.750
01/14/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	09/23/19	2.800
01/15/19	Purchase	10,000,000.00	YCD	NATL BANK OF KUWAIT NY	08/30/19	2.960
01/15/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	09/17/19	2.800
01/16/19	Purchase	10,000,000.00	YCD	STANDARD CHARTERED BK NY	09/06/19	2.840
01/17/19	Purchase	10,000,000.00	CP	CREDIT AGRICOLE CIB NY	08/28/19	2.730
01/18/19	Purchase	10,000,000.00	YCD	NATL BANK OF KUWAIT NY	08/01/19	2.920
01/22/19	Purchase	10,000,000.00	CP	CREDIT AGRICOLE CIB NY	08/30/19	2.690
01/22/19	Purchase	10,000,000.00	YCD	BANCO ESTADO CHILE NY	08/30/19	2.750
01/23/19	Purchase	9,510,000.00	SUPRANATIONAL	INTER-AMERICAN DEVEL BANK	05/12/20	2.696
01/23/19	Purchase	5,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	04/23/19	2.380
01/24/19	Purchase	10,000,000.00	GA	FFCB	04/24/20	2.620
01/25/19	Purchase	10,000,000.00	SUPRANATIONAL	INTL FINANCE CORP	01/25/20	2.630
01/25/19	Purchase	15,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	04/29/19	2.601
01/25/19	Purchase	10,000,000.00	GA	FHLB DISCOUNT NOTE	04/30/19	2.400
01/28/19	Purchase	15,000,000.00	TREASURY	US TREASURY BILL	02/12/19	2.292
01/29/19	Purchase	10,000,000.00	GA	FHLMC	01/29/21	2.650

Exhibit 2 - Monthly Transaction Report - January 2019

PORTFOLIO AVERAGE MONTHLY BALANCE

EXHIBIT 3

AVERAGE MATURITY

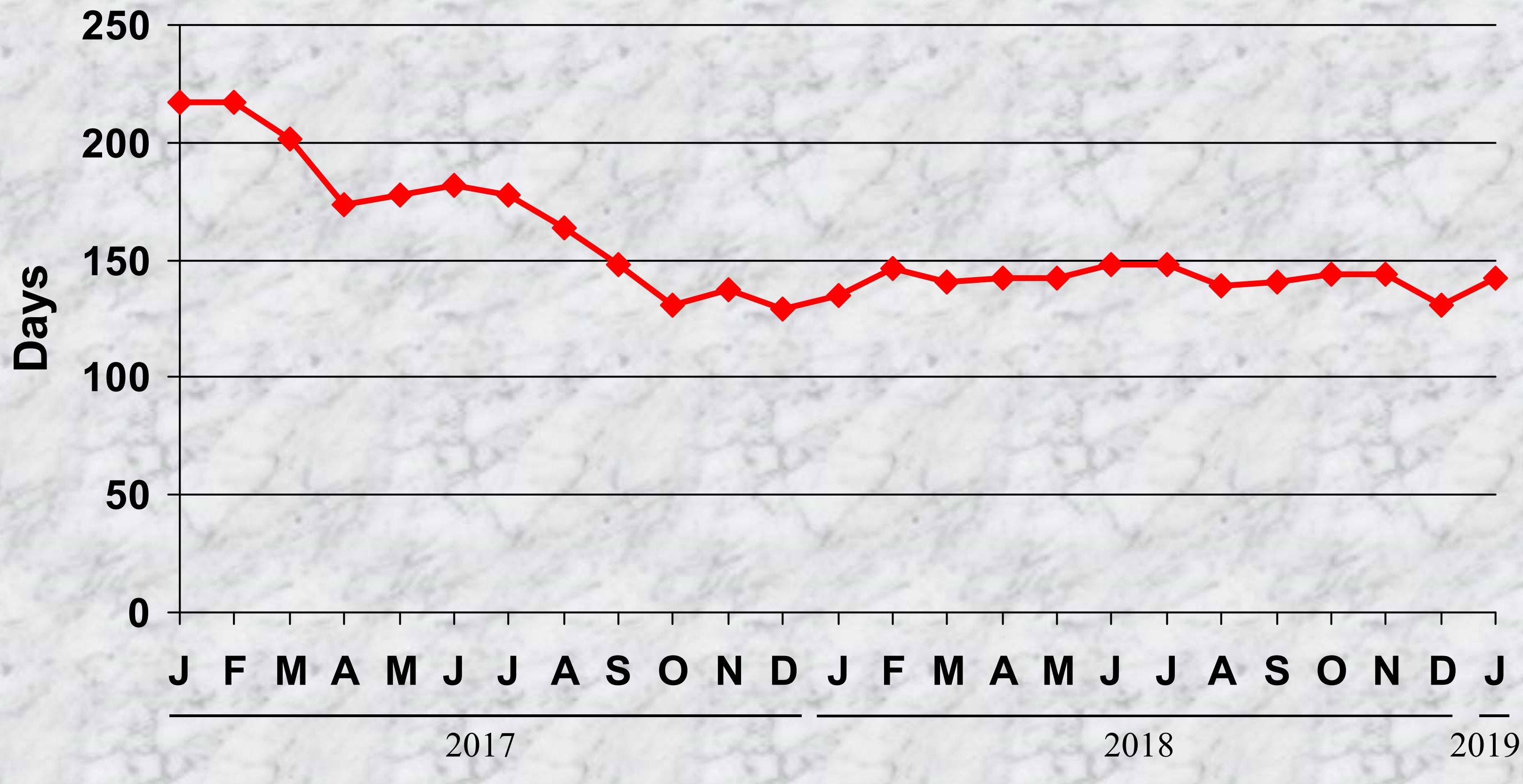
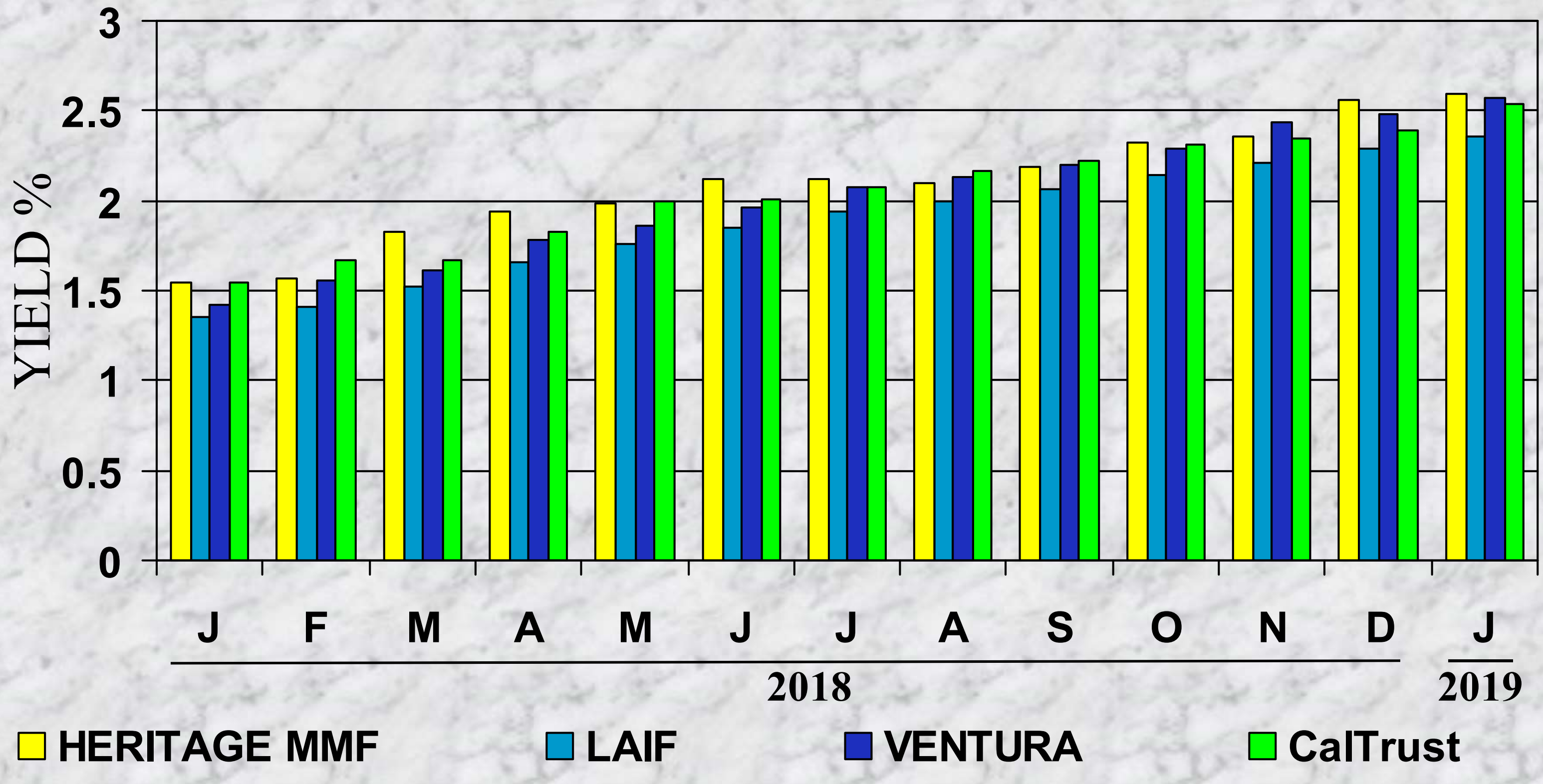


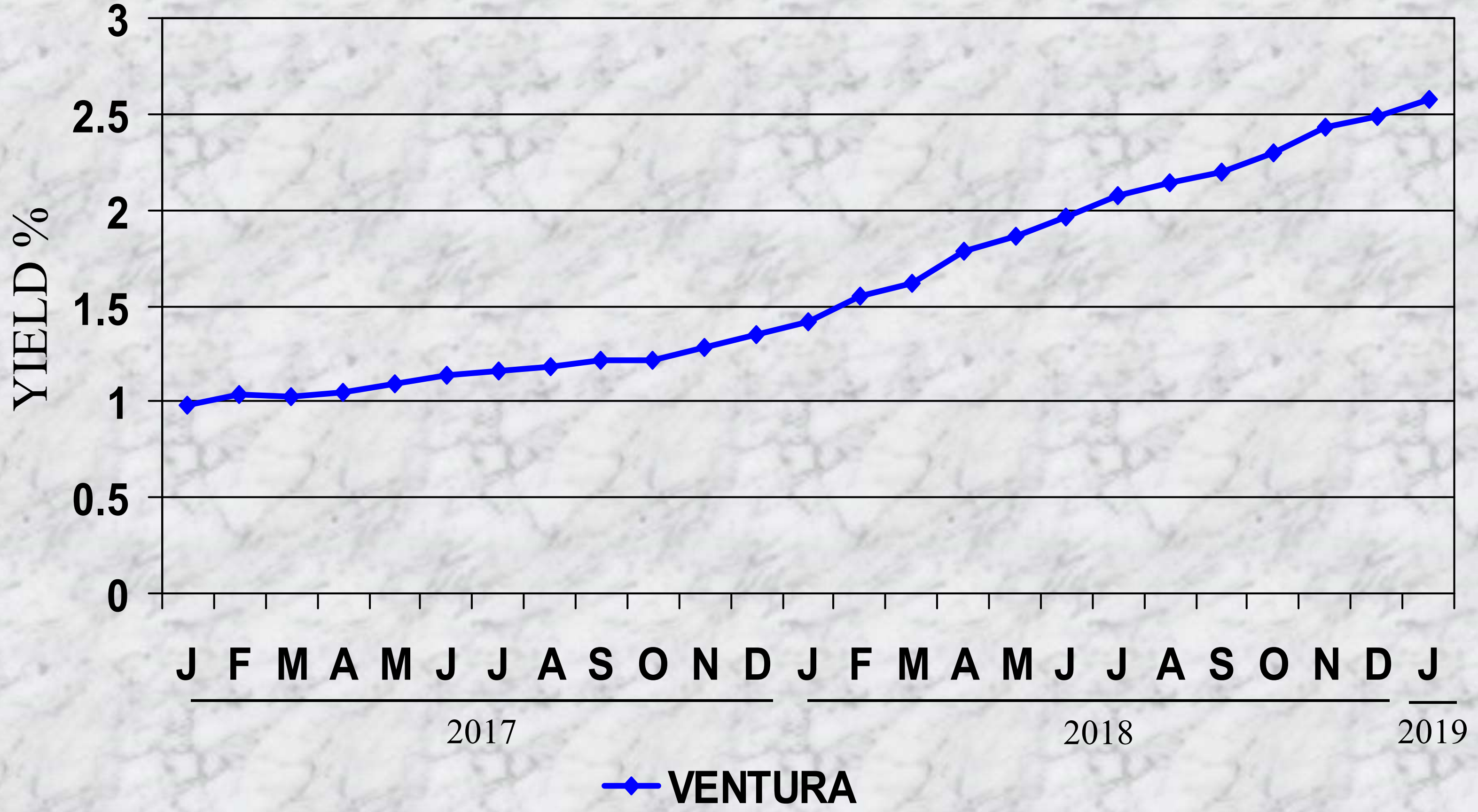
EXHIBIT 4

01-19 INV.PPT

++++YIELD COMPARISON



ROLLING 2-YEAR % YIELD



ROLLING 2-YEAR $ YIELD

MATURITY DISTRIBUTION

EXHIBIT 8

PORTFOLIO HOLDINGS BY CLASS