

NEW ISSUE-FULL BOOK-ENTRY

RATING: Moody's: "Aa3"
(See "MISCELLANEOUS - Rating" herein)

In the opinion of Best Best & Krieger LLP, San Diego, California ("Bond Counsel"), subject to certain qualifications described herein, under existing statutes, regulations, rulings and judicial decisions 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 calculating the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income tax. See "LEGAL MATTERS" herein.

CENTRAL UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
\$18,000,000*
General Obligation Bonds, Election of 2016,
Series 2019

Dated: Date of Delivery

Due: August 1, as shown on the inside cover page

The \$18,000,000* Central Union High School District General Obligation Bonds, Election of 2016, Series 2019 (the "Bonds") were authorized at a scheduled election of the registered voters of the Central Union High School District (the "District") held on June 7, 2016, at which election the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed \$30,000,000 aggregate principal amount of general obligation bonds of the District (the "2016 Authorization"). The Bonds are anticipated to be the final series of bonds issued under the 2016 Authorization. The Bonds are being issued (i) to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, (ii) to fund capitalized interest on the Bonds, and (iii) to pay the costs of issuing the Bonds.

The Bonds are general obligation bonds of the District. The Board of Supervisors of Imperial County is empowered and is obligated to levy *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The Bonds are secured on a parity with approximately \$14,120,000 of other general obligations bonds of the District that are currently outstanding. See "SECURITY FOR THE BONDS," "TAX BASE FOR REPAYMENT OF BONDS - Ad Valorem Property Taxation" and "DISTRICT DEBT STRUCTURE - Long-Term Debt," and "- General Obligation Bonds."

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of beneficial ownership interests in the Bonds will not receive certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS - Book-Entry-Only System" and APPENDIX C - "BOOK-ENTRY ONLY SYSTEM."

Interest on the Bonds will accrue from their date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the Paying Agent, Registrar and Transfer Agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants (defined in this Official Statement) who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry Only System."

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Redemption." The Bonds are general obligation bonds of the District and do not constitute a debt, liability or obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

MATURITY SCHEDULE
(See Inside Cover Page)

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Best Best & Krieger LLP, San Diego, California, Bond Counsel. Certain legal matters will be passed on for the District by Best Best & Krieger LLP, San Diego, California, as Disclosure Counsel. Certain legal matters are being passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, as Underwriter's Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about April __, 2019.



Dated: _____, 2019

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

\$18,000,000*
CENTRAL UNION HIGH SCHOOL DISTRICT
(Imperial County, California)
General Obligation Bonds, Election of 2016, Series 2019

Base CUSIP[†] No. 155663

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†] No.</u>
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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the Underwriter, the Municipal Advisor nor the District assumes any responsibility for the accuracy of such numbers.

CENTRAL UNION HIGH SCHOOL DISTRICT

BOARD OF TRUSTEES

Diahna Garcia-Ruiz, *President*

Ryan D. Childers, *Clerk*

Jacinto Jimenez, *Trustee*

Todd Evangelist, *Trustee*

Emma L. Jones, *Trustee*

ADMINISTRATION

Renato Montaña, *Superintendent*

Arnold Preciado, *Assistant Superintendent, Business & Support Services*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Best Best & Krieger LLP

San Diego, California

Municipal Advisor

Capitol Public Finance Group, LLC

Roseville, California

Paying Agent

U.S. Bank National Association

Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond Owner and the District or the Underwriter.

Preliminary Official Statement. For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), the Preliminary Official Statement constitutes an “official statement” of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Preparation of this Official Statement. Certain of the information contained in this Official Statement has been obtained from sources outside of the District that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. Copies of documents referred to herein concerning the Bonds are available from the District, Business Services Department, 351 West Ross Avenue, El Centro, California 92243, Phone: (760) 336-4500. The District may impose a charge for copying, mailing and handling.

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

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by 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.” 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. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other party described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. Each reference in this Official Statement to a document is qualified in its entirety by reference to such document, which is on file with the District.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No Registration with the SEC. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions provided thereunder.

Public Offering Prices. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriter may change public offering prices from time to time.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website and certain social media accounts. However, the information presented there is not part of this Official Statement, is not incorporated herein, and should not be relied upon in making an investment decision with respect to the Bonds.

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**CENTRAL UNION HIGH SCHOOL DISTRICT
(Imperial County, California)**

\$18,000,000*

**General Obligation Bonds, Election of 2016,
Series 2019**

INTRODUCTION

This Official Statement (which includes the cover page, the inside cover page, the Table of Contents, and the Appendices attached to this Official Statement) is furnished by the Central Union High School District (the “District”), located in Imperial County, California (the “County”), to provide information concerning the sale of \$18,000,000* Central Union High School District General Obligation Bonds, Election of 2016, Series 2019 (the “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, inside cover page, the Table of Contents, and Appendices attached to this Official Statement, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has no obligation to update the information in this Official Statement, except as required by the Continuing Disclosure Certificate described herein. See “CONTINUING DISCLOSURE” and APPENDIX D – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the resolutions of the Board of Trustees (the “Board”) of the District providing for the issuance and payment of the Bonds, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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

The District

The District, is located in the County, includes most of the City of El Centro (the “City”), a portion of the City of Imperial and unincorporated portions of the County. The District provides public education for grades 9 through 12, as well as continuing education and adult education services. The District operates two comprehensive high schools, a continuation high school, an alternative school of choice and an adult education school: Central Union High School, Southwest High School, Desert Oasis High School, Phoenix Rising High School and Central Union Adult School. Enrollment in the District in 2017-18 was approximately 4,182 students and is approximately 4,150 students in 2018-19. For fiscal year 2018-19, taxable property within the District has an assessed valuation of \$3,832,419,072. The District’s audited financial statements for fiscal year ending June 30, 2018 are attached hereto as Appendix B and should be read in their entirety.

* Preliminary, subject to change.

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon when due upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). The Bonds are secured on a parity with approximately \$14,120,000 of other general obligations bonds of the District that are currently outstanding. See “SECURITY FOR THE BONDS,” “TAX BASE FOR REPAYMENT OF BONDS — *Ad Valorem* Property Taxation” and “DISTRICT DEBT STRUCTURE — Long-Term Debt” and “— General Obligation Bonds.”

Purpose of Issue

Bonds. The Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, (ii) fund capitalized interest on the Bonds and (iii) pay the costs of issuing the Bonds.

Description of the Bonds

Bonds. The Bonds mature on August 1 in the years and in the amounts indicated on the inside cover page of this Official Statement.

Payments. Interest on the Bonds accrues from the date of delivery of the Bonds at the rates set forth on the inside cover page of this Official Statement, and is payable semiannually on each February 1 and August 1 (each a “Bond Payment Date”), commencing August 1, 2019. The principal amount of the Bonds is payable at maturity upon surrender of the Bonds for payment on August 1 of the years shown on the inside cover page (unless redeemed prior to maturity).

Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the inside cover page of this Official Statement, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described in this Official Statement. Beneficial Owners will not be entitled to receive physical delivery of the Bonds, but will instead receive credit balances on the books of their respective nominees. See “THE BONDS — Book-Entry Only System” and APPENDIX C — “BOOK-ENTRY ONLY SYSTEM.”

Denominations. The Bonds will be issued and beneficial ownership interests may be purchased by Beneficial Owners in denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS — Redemption” herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a resolution adopted by the District Board of Trustees. See “THE BONDS — Authority for Issuance.”

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Best Best & Krieger LLP as Bond Counsel for the District. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about April __, 2019.

Continuing Disclosure

In order to assist the Underwriter of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the District will covenant for the benefit for the bondholders and Beneficial Owners, pursuant to a Continuing Disclosure Certificate, to provide certain annual financial information and operating data relating to the District, and notices of the occurrence of certain enumerated events. The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption “CONTINUING DISCLOSURE” and APPENDIX D — “FORM OF CONTINUING DISCLOSURE CERTIFICATE” in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Assistant Superintendent, Business and Support Services, Central Union High School District, 351 Ross Avenue, El Centro, California 92243, telephone: (760) 336-4500. 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 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, 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 in this Official Statement 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 in this Official Statement, other than that provided by the District, 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 in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolution (as defined herein).

THE BONDS

Authority for Issuance

Bonds. The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commenting with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on March 12, 2019 (the “Resolution”). The County has authorized the District to issue bonds on its own behalf, pursuant to laws of the State of California (the “State”) and a resolution adopted on March 19, 2019, by the County Board of Supervisors.

The District received authorization at an election held on June 7, 2016, by an affirmative vote of 60.6% of the votes cast by eligible voters within the District (the “2016 Authorization”) to issue not to exceed \$30,000,000 of general obligation bonds (the “Election of 2016 Bonds”). The election was conducted pursuant to California State Proposition 39 of November 2000 (and applicable statutes), which amended Article XIII A of the California Constitution to permit the approval of general obligation bonds of a school district by 55% or more of the votes cast on the measure, subject to certain accountability features (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution” herein). The Bonds constitute the second series of bonds issued under the 2016 Authorization. The Bonds are anticipated to be the final series of bonds issued under the 2016 Authorization.

Security

The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon when due 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). Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so.

Such taxes, when collected, will be deposited into a debt service fund, the Central Union High School District General Obligation Bond Debt Service Fund (the “Debt Service Fund”) which will be maintained by the County and which is required to be applied for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds and to make timely payment of principal of and interest on the Bonds when due, and will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds as the same becomes due and payable, shall be remitted by the County to the Paying Agent (as defined below), which will then remit such funds to DTC for payment of such principal, premium, if any, and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete

or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, wildfire, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Section 53515 of the California Government Code (which became effective January 1, 2016), all general obligation bonds by local agencies will be secured by a statutory lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. Under the federal bankruptcy code, a statutory lien is a lien that arises solely by statute and not as a result of an agreement between parties. Previously, the governing statutes relating to the issuance of general obligation bonds by cities required that all taxes levied and collected be used for the paying of principal of and interest on general obligation bonds and for no other purpose, but did not provide for a statutory lien. The statutory lien will be valid and binding from the time the Bonds are issued.

The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the State Constitution. The statutory lien provision does not specify the relative priority of obligations secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amount then due and owing that are secured by the statutory lien.

Description of the Bonds

Interest on the Bonds accrues from the date of delivery, and is payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing August 1, 2019 at the annual interest rates shown on the inside cover pages of this Official Statement. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest will accrue on the Bonds on the basis of a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of DTC. Principal of, premium, if any, and interest on the Bonds is payable by the Paying Agent (as defined below) to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry only system. See " — Book-Entry Only System" and APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

See the Maturity Schedules on the inside cover pages for the maturity schedule of the Bonds, "DEBT SERVICE SCHEDULE" for the debt service schedule for the Bonds and "DISTRICT DEBT STRUCTURE — General Obligation Bonds" for a schedule of combined debt service of the Bonds and the District's other outstanding general obligation bonds.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the Bond Register as the Owner thereof as of the fifteenth day of the month immediately preceding such Bond

Payment Date (the “Record Date”), such interest to be paid by check mailed to such Owner on the Bond Payment Date at the address as it appears on the Bond Register or at such other address filed with the Paying Agent for that purpose on or before the close of business on the Record Date. An Owner of any Bonds in an aggregate principal amount of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account in the United States on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon surrender at the principal office of the Paying Agent. The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also Appendix C hereto.

Paying Agent

U.S. Bank National Association, Los Angeles California will act as the initial paying agent, registrar and transfer agent (the “Paying Agent”) for the Bonds. If the Paying Agent resigns or is removed by the District, a successor Paying Agent will be appointed by the District.

Redemption

Optional Redemption. The Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, in whole or in part, on any date on or after August 1, 20__ at a price equal 100% of the principal amount thereof, without premium, together with accrued interest thereon to the date of redemption. For the purpose of such redemption, the Bonds will be deemed to consist of Five Thousand Dollar (\$5,000) portions of the principal amount thereof, and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__, are subject to mandatory redemption without premium from funds in the Debt Service Fund prior to their stated maturity date, at the Principal Amount thereof on each August 1, commencing August 1, 20__ as set forth below:

Redemption Date (<u>August 1</u>)	Principal <u>Amount</u>
--	------------------------------------

Selection of Bonds for Redemption

If less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed in such written instruction, or if no written direction is given, on a pro-rata basis in integral multiples of Five Thousand Dollars (\$5,000). Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine to be appropriate; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of Five Thousand Dollars (\$5,000) or any integral multiple thereof. If some but not all of the Term Bonds are redeemed, the aggregate principal amount of the Term Bonds to be redeemed in each year shall be reduced by the aggregate principal amount of the Term Bonds so redeemed to be allocated among principal amounts on a pro-rata basis in integral multiples of Five Thousand Dollars (\$5,000).

Notice of Redemption

When redemption is authorized or required, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption

will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount and stated maturity date of each Bond to be redeemed in whole or in part and (g) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Such Redemption Notice shall further state that on the specified redemption date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue.

The Paying Agent shall take the following actions with respect to any such Redemption Notice:

- (a) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given to the respective owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.
- (b) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given by (1) first class mail, postage prepaid; (2) telephonically confirmed facsimile transmission; or (3) overnight delivery service, to DTC or a substitute depository as set forth in the Resolution.
- (c) At least 20 but not more than 45 days prior to the redemption date, the Redemption Notice shall be given by (1) first class mail, postage prepaid; (2) telephonically confirmed facsimile transmission; or (3) overnight delivery service, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board or other such system in accordance with the then current guidance of the Securities and Exchange Commission.

Neither failure to receive or failure to give any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the Bonds being redeemed. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP (if any) number identifying, by series and maturity, the Bonds or being redeemed with such check or other transfer.

The District shall have the right to rescind any optional redemption by written notice to the Paying Agent on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Resolution. The District and the Paying Agent shall have no liability to the 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.

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

Effect of Notice of Redemption. Notice having been given as aforesaid, and funds for the redemption of the Bonds to be redeemed (including interest accrued thereon to the applicable date of redemption) having been set aside as provided in the Resolution, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution, including interest thereon accrued to such redemption date, shall be held by the Paying Agent or such other escrow agent as shall be selected by the District so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent or such escrow agent for the redemption of Bonds shall be held in trust for the account of the owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Resolution shall be cancelled upon surrender thereof, and shall be delivered to the District.

Purchase of Bonds. In lieu of payment at maturity or redemption at the request of the District, moneys in the Debt Service Fund may be used and withdrawn by the Treasurer-Tax Collector of the County (the "County Treasurer") for the purchase of outstanding Bonds, at public or private sale as and when, and at such prices (including brokerage and other charges) as the District may direct, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase. All or any portion of any Bond purchased by the County Treasurer, in lieu of payment at maturity or redemption, shall be surrendered to and cancelled by the Paying Agent and delivered to the District.

Book-Entry Only System

The Bonds will be issued as one fully registered bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid to DTC, which will in turn remit such principal of and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described in this Official Statement. See APPENDIX C — "BOOK-ENTRY ONLY SYSTEM."

Defeasance

All or any portion of the outstanding Bonds may be paid and discharged in any one or more of the following ways:

(1) by irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all of the Bonds outstanding and designated for defeasance, including all principal and interest and premium, if any; or

(2) by irrevocably depositing with the Paying Agent or an independent escrow agent selected by the District noncallable United States Obligations (defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon and moneys then on deposit in the Debt Service Fund, together with interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal and interest thereon and prepayment premiums, if any).

If a Bond is defeased as described above, then all obligations of the District and the Paying Agent under the Resolution with respect to such outstanding Bond shall cease and terminate, whether or not such Bond has been surrendered for payment, except only the obligation of the District to pay or cause to be paid to the Owners of such designated Bonds all sums due thereon and the obligations of the District with respect to the applicable Rebate Fund.

In the Resolution, United States Obligations are defined as follows: Direct and general obligations of the United States of America (which may consist of obligations of the Resolution Funding Corporation that

constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including United States Treasury Certificates, Notes and Bonds (including State and Local Government Series — “SLGs”), or “prerefunded” municipal obligations rated at least as high as direct and general obligations of the United States of America by Moody’s Investors Service or S&P Global Ratings without regard to gradation. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America without regard to gradation by S&P Global Ratings or by Moody’s Investors Service.

Supplemental Resolution

The Resolution, and the rights and obligations of the District and of the Owners of the Bonds, may be modified or amended at any time by a supplemental resolution adopted by the Board of Trustees with the written consent of Owners owning at least 60% in aggregate principal amount of the Bonds then outstanding. No such modification or amendment shall, (i) extend the maturity of any Bond or the time for paying interest thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation of any pledge of or lien upon the moneys on deposit in the Debt Service Fund, superior to or on a parity with the pledge and lien created for the benefit of the Bonds, (iii) reduce the percentage of Bonds required for the amendment of the Resolution, or (iv) reduce the principal amount of or redemption premium on any Bond, or reduce the interest rate thereon.

Notwithstanding the foregoing, the Resolution, and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District without the written consent of the Owners for any one or more of the following purposes:

- (1) to add to the covenants and agreements of the District contained in the Resolution, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power reserved in the Resolution to or conferred upon the District;
- (2) to make modifications not adversely affecting any outstanding Bonds in any material respect;
- (3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provisions of the Resolution, or in regard to questions arising under the Resolution, as the District may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the rights of the Owners of the Bonds; or
- (4) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance by the District with Section 148 of the Code relating to required rebate of moneys to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Treasury Regulations.

Any action taken pursuant to a Supplemental Resolution so consented to by the Owners of at least 60% in aggregate principal amount of the Bonds then outstanding shall be binding on the Owners of all of the Bonds and shall not be deemed to be inconsistent with any of the provisions of the Resolution, whatever the character

of such action may be, and such action may be taken and performed as fully and freely as if expressly permitted by the Resolution. After such consent relating to specified matters has been given, no Bond Owner shall have any right or interest to object to any such action or in any manner to question the propriety thereof or to enjoin or restrain the District or the Paying Agent, or any officer or agent thereof, from taking any action pursuant to such consent.

Unclaimed Moneys

Anything contained in the Resolution to the contrary notwithstanding, any moneys held by the Paying Agent in trust for the payment and discharge of the principal of, the interest and any premium on the Bonds which remain unclaimed for two years after the date when the payment of such principal, interest and premium have become payable, if such moneys were held by the Paying Agent at such date, shall be deposited by the Paying Agent to the account of the District as its absolute property free from any trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the District for the payment of the principal of, interest and any premium on their Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

<u>Sources of Funds</u>	
Principal Amount	\$ _____
Net Original Issue Premium/Discount	_____
Total Sources	\$ _____
 <u>Uses of Funds</u>	
Building Fund	\$ _____
Debt Service Fund	_____
Underwriter’s Discount	_____
Costs of Issuance ⁽¹⁾	_____
Total Uses of Funds	\$ _____

⁽¹⁾ Costs of issuance include, but are not limited to, legal fees, municipal advisor fees, printing costs, rating agency fees, and other miscellaneous fees and expenses.

DEBT SERVICE SCHEDULE

The following table summarizes the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment</u>	<u>Total Annual Debt Service</u>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
Total	\$ _____	\$ _____	\$ _____

Source: The Underwriter.

See “DISTRICT DEBT STRUCTURE — General Obligation Bonds” for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

APPLICATION OF PROCEEDS OF BONDS AND INVESTMENT OF BONDS PROCEEDS AND TAX REVENUES

Building Fund

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, shall be deposited to the credit of the Central Union High School District Election of 2016 Building Fund (the “Building Fund”) and shall be kept separate and distinct from all other County funds. The proceeds shall be applied only for the authorized purposes pursuant to the 2016 Authorization. Interest earnings on moneys deposited in the Building Fund shall remain therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Debt Service Fund

The *ad valorem* property taxes securing the payment of the Bonds when received, and any accrued interest and premium received by the District upon the sale of the Bonds, shall be kept separate and apart in the Debt Service Fund established under the Resolution and be used only for payments of principal of and interest on the Bonds. Interest earned on the investment of moneys held in the Debt Service Fund established under the Resolution shall be retained in the Debt Service Fund and used to pay principal of and interest on the Bonds when due. The Resolution pledges, as security for the Bonds, all amounts on deposit in the Debt Service Fund. See “ – Security for the Bonds” herein.

Any excess proceeds of the Bonds not needed for the purpose for which the Bonds are issued shall be transferred to the Debt Service Fund established under the Resolution and applied to the payment of principal of and interest on the Bonds. If after payment in full of the Bonds there remains excess proceeds, any such excess amounts shall be transferred to the District’s general fund. Amounts which the District determines are required to be rebated to the federal government will be deposited in the Rebate Fund established under the Resolution.

Moneys held in the Building Fund, Debt Service Fund and the Rebate Fund established under the Resolution may be invested in any investment permitted by law, including under Government Code Sections 53601 and 53635.

It is anticipated that moneys in the Building Fund, Rebate Fund and the Debt Service Fund for the Bonds will be invested in, and withdrawn from, the County of Imperial Pooled Investment Fund as described below.

County of Imperial Pooled Investment Fund

The County Treasurer has authority to implement and oversee the investment of funds on deposit in the County’s pooled investment fund (the “Pooled Investment Fund”). The County’s Pooled Investment Fund includes the funds of the County and certain governmental entities located in the County, including school districts, community college districts, and special districts. Interest earned is deposited quarterly into participating funds. Any investment losses are shared proportionately by all funds in the Pooled Investment Fund. A complete copy of the County’s investment policy and the most recent report regarding performance of the Pooled Investment Fund are contained in APPENDIX F — “IMPERIAL COUNTY ANNUAL INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND AND PORTFOLIO SUMMARY.”

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the District. The County Board of Supervisors, on behalf of the District, is empowered and obligated annually to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation of rate or amount (except for certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. The Resolution pledges, as security for the Bonds, the proceeds from the levy of the *ad valorem* tax which are collected and allocated to the payment of the Bonds and funds on deposit in the Debt Service Fund. See “TAX BASE FOR REPAYMENT OF BONDS.”

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. See “TAX BASE FOR REPAYMENT OF BONDS — *Ad Valorem* Property Taxation” and “DISTRICT DEBT STRUCTURE — Long-Term Debt” and “General Obligation Bonds.”

The amount of the annual *ad valorem* tax levied by the County Board of Supervisors to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in property values, reclassification of property to a class exempt category from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes *ad valorem* property taxation, assessed valuation and other measures of the tax base of the District. The Bonds are payable on a parity with the District’s outstanding general obligation bonds solely from *ad valorem* taxes levied and collected by the County Treasurer on taxable property in the District. The District’s general fund is not a source for the repayment of the Bonds.

***Ad Valorem* Property Taxation**

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the County Board of Supervisors will levy and collect an *ad valorem* tax on all taxable parcels within the District expressly for the repayment of the Bonds. Second, a separate general *ad valorem* property tax levy levied in accordance with Article XIII A of the California Constitution and its implementing legislation funds a portion of the District’s operating expenses. See “DISTRICT FINANCIAL MATTERS — Local Control Funding.” As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIII A and its implementing legislation permitted each county to levy and collect all property taxes and prescribed the way in which levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals and charitable institutions. See, “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution,” herein.

For purposes of allocating a county’s basic property tax levy, future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, up to 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” sources from the tax rate area. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is provided by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll, also containing State-assessed property, and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments, plus any additional amount determined by the Treasurer. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on July 1 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes, a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

District Assessed Valuation. 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 (“SBE”). See “—Taxation of State-Assessed Utility Property” below. Assessed valuations are reported at 100% of the “full cash value” of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full cash value of property. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds is based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are County, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and County taxing purposes. The valuation of secured property by the County Assessor is established as of January 1, and is subsequently equalized in September of each year.

A school district’s share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory process enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the SBE. State-assessed property, or “unitary property,” is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a “going concern” rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the 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.

Assessed Valuation

Property within the District had a total assessed valuation for fiscal year 2018-19 of \$3,832,419,072. The following table shows current and historical assessed valuation of taxable property in the District for the past ten fiscal years, each as of the date the equalized assessment roll is established in August of each year.

**TABLE 1
CENTRAL UNION HIGH SCHOOL DISTRICT
Assessed Valuations
Fiscal Years 2009-10 through 2018-19**

Fiscal Year	Local Secured	Utility	Unsecured	Total Valuation	% Change
2009-10	\$3,034,685,238	\$3,051,063	\$280,867,933	\$3,318,604,234	-
2010-11	2,998,560,004	3,051,063	288,318,929	3,289,929,996	-0.86%
2011-12	2,842,059,333	3,051,063	292,055,527	3,137,165,923	-4.64
2012-13	2,783,108,146	3,577,576	287,769,794	3,074,455,516	-2.00
2013-14	2,806,106,987	3,564,533	285,238,304	3,094,909,824	0.67
2014-15	2,847,629,000	3,564,533	296,071,456	3,147,264,989	1.69
2015-16	3,088,109,711	3,564,533	290,717,439	3,382,391,683	7.47
2016-17	3,226,673,325	3,564,533	284,669,648	3,514,907,506	3.92
2017-18	3,353,358,398	2,663,096	329,735,178	3,685,756,672	4.86
2018-19	3,513,716,967	2,680,896	316,021,209	3,832,419,072	3.98

Source: California Municipal Statistics, Inc.; County of Imperial.

Assessed Valuation by Jurisdiction

The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

TABLE 2
CENTRAL UNION HIGH SCHOOL DISTRICT
2018-19 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of El Centro	\$2,695,585,714	70.34%	\$2,695,585,714	100.00%
City of Imperial	116,249,163	3.03	\$1,254,737,567	9.26%
Unincorporated Imperial County	<u>1,020,584,195</u>	<u>26.63</u>	\$5,549,634,197	18.39%
Total District	\$3,832,419,072	100.00%		
Imperial County	\$3,832,419,072	100.00%	\$12,893,004,823	29.72%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

The following table shows the land use of parcels in the District for fiscal year 2018-19, according to assessed valuation. As shown below, the majority of the land in the District is used for residential purposes.

TABLE 3
CENTRAL UNION HIGH SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use

	2018-19 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total
<u>Non-Residential:</u>				
Agricultural	\$ 297,131,081	8.46%	910	5.90%
Commercial	803,491,461	22.87	792	5.13
Vacant Commercial	36,214,885	1.03	237	1.54
Industrial	207,081,837	5.89	303	1.96
Vacant Industrial	8,211,185	0.23	124	0.80
Recreational	4,757,303	0.14	38	0.25
Government/Social/Institutional	12,825,789	0.37	159	1.03
Miscellaneous	<u>2,424,868</u>	<u>0.07</u>	<u>184</u>	<u>1.19</u>
Subtotal Non-Residential	\$1,372,138,409	39.05%	2,747	17.80%
<u>Residential:</u>				
Single Family Residence	\$1,842,444,439	52.44%	10,772	69.80%
Condominium	36,832	0.00	8	0.05
Mobile Home	34,544,470	0.98	440	2.85
Mobile Home Park	20,234,839	0.58	17	0.11
2-4 Residential Units	49,290,357	1.40	314	2.03
5+ Residential Units/Apartments	146,410,708	4.17	192	1.24
Miscellaneous Residential	13,888,917	0.40	75	0.49
Vacant Residential	<u>34,727,996</u>	<u>0.99</u>	<u>867</u>	<u>5.62</u>
Subtotal Residential	\$2,141,578,558	60.95%	12,685	82.20%
Total	\$3,513,716,967	100.00%	15,432	100.00%

⁽¹⁾ Local secured assessed valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

The following table shows a breakdown of single-family residential parcels in the District, according to assessed valuation.

TABLE 4
CENTRAL UNION HIGH SCHOOL DISTRICT
Per Parcel Fiscal Year 2018-19 Assessed Valuation of Single-Family Homes

	<u>No. of Parcels</u>	<u>2018-19 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single-Family Residential	10,772	\$1,842,444,439	\$171,040	\$153,000

<u>2018-19 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	169	1.569%	1.569%	\$ 2,586,344	0.140%	0.140%
\$25,000 - \$49,999	594	5.514	7.083	23,874,905	1.296	1.436
\$50,000 - \$74,999	823	7.640	14.723	51,814,642	2.812	4.248
\$75,000 - \$99,999	1,034	9.599	24.322	90,430,384	4.908	9.157
\$100,000 - \$124,999	1,184	10.991	35.314	133,462,043	7.244	16.400
\$125,000 - \$149,999	1,427	13.247	48.561	196,315,422	10.655	27.056
\$150,000 - \$174,999	1,192	11.066	59.627	193,308,857	10.492	37.548
\$175,000 - \$199,999	883	8.197	67.824	164,666,214	8.937	46.485
\$200,000 - \$224,999	699	6.489	74.313	148,215,884	8.045	54.529
\$225,000 - \$249,999	658	6.108	80.421	156,069,147	8.471	63.000
\$250,000 - \$274,999	587	5.449	85.871	154,285,889	8.374	71.374
\$275,000 - \$299,999	527	4.892	90.763	151,055,299	8.199	79.573
\$300,000 - \$324,999	305	2.831	93.595	95,050,441	5.159	84.732
\$325,000 - \$349,999	198	1.838	95.433	66,600,690	3.615	88.347
\$350,000 - \$374,999	152	1.411	96.844	54,931,356	2.981	91.328
\$375,000 - \$399,999	68	0.631	97.475	26,391,305	1.432	92.760
\$400,000 - \$424,999	62	0.576	98.051	25,465,279	1.382	94.143
\$425,000 - \$449,999	44	0.408	98.459	19,347,177	1.050	95.193
\$450,000 - \$474,999	50	0.464	98.923	23,017,747	1.249	96.442
\$475,000 - \$499,999	44	0.408	99.332	21,440,976	1.164	97.606
\$500,000 and greater	<u>72</u>	<u>0.668</u>	100.000	<u>44,114,438</u>	<u>2.394</u>	100.000
Total	10,772	100.000%		\$1,842,444,439	100.000%	

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

Alternative Method of Tax Apportionment – Teeter Plan

The Board of Supervisors of the County has approved the implementation of 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, the County apportions secured property taxes as they are collected throughout the year to participating political subdivisions. Then, as of June 30 each year, the County advances the remaining current year *ad valorem* secured taxes and direct charges that are due and unpaid to all local agencies participating in the Teeter Plan. In return, the County receives and retains delinquent payments, penalties and interest collected that would have been due the local agency in the absence of the Teeter Plan. The District has opted into the Teeter Plan and receives all of the property taxes that are due and payable whether or not they are actually collected, and the County retains any penalties and interest on delinquent taxes.

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 XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under State law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, 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 granted as a result of such appeal applies to the year for which the 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 XIII A.

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

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

Risk of Loss of Assessed Value

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on bonds. Natural and economic forces can affect the assessed value of taxable property in the District. Economic and market forces, such as a downturn in the State's economy generally or a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayer, can also affect assessed values, as those forces affect the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. In recent years, wildfires have caused extensive damage throughout the State. In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay property taxes when due.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad*

valorem property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, wildfire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The following table below shows tax rates levied by all taxing entities in Tax Rate Area 4-000 during the five-year period from 2014-15 through 2018-19.

**TABLE 5
CENTRAL UNION HIGH SCHOOL DISTRICT
Typical Total Tax Rates per \$100 Assessed Valuation**

TRA 4-000 (2018-19 Assessed Valuation: \$69,261,215⁽¹⁾)

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.00000
El Centro School District	.0656	.0725	.0628	.0621	.04300
Central Union High School District	.0483	.0353	.0497	.0520	.05214
Imperial Community College District	<u>.0325</u>	<u>.0422</u>	<u>.0373</u>	<u>.0367</u>	<u>.04500</u>
Total	\$1.1464	\$1.1500	\$1.1498	\$1.1508	\$1.14014

Source: California Municipal Statistics, Inc.

⁽¹⁾ 18.01% of the District's total assessed valuation.

Largest Taxpayers

The following table lists the top twenty taxpayers within the District measured by local secured assessed valuation for fiscal year 2018-19. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to 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.

**TABLE 6
CENTRAL UNION HIGH SCHOOL DISTRICT
Largest Local Secured Taxpayers
Fiscal Year 2018-19**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	Heber Field Company	Industrial	\$ 57,575,197	1.64%
2.	RJFP LLC	Shopping Center	56,590,721	1.61
3.	Imperial Valley Mall II, LP	Shopping Center	47,302,738	1.35
4.	EGP CH El Centro LLC	Shopping Center	24,805,879	0.71
5.	Second Imperial Geothermal Company	Industrial	24,790,624	0.71
6.	R J Development Company LLC	Office Building	21,496,587	0.61
7.	Wal-Mart Stores Inc.	Commercial	19,023,196	0.54
8.	Imperial Valley Properties LLC	Residential Properties	17,582,413	0.50
9.	Parkside Villas Associates Ltd.	Apartments	17,482,272	0.50
10.	Michael A. & Kerri A. Abatti, Trustees	Agricultural	15,205,782	0.43
11.	Target Corporation	Commercial	14,442,507	0.41
12.	AWCC Campo Verde, LLC	Industrial	13,997,690	0.40
13.	Meyer Imperial Investments LLC	Agricultural	13,923,609	0.40
14.	Freddi M. Abatti	Apartments	13,024,448	0.37
15.	Auto Plaza Apartments LLC	Apartments	12,500,000	0.36
16.	Pacificland International Development Inc.	Commercial	12,108,527	0.34
17.	Lakeside Investment Property LLC	Commercial	11,728,500	0.33
18.	Dillards Properties Inc.	Commercial	11,269,590	0.32
19.	Westwind Enterprises Ltd.	RC Park & Golf	10,530,653	0.30
20.	Seritage SRC Finance LLC	Commercial	<u>10,382,150</u>	<u>0.30</u>
			<u>\$425,763,083</u>	<u>12.12%</u>

⁽¹⁾ 2018-19 local secured assessed valuation: \$3,513,716,967.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of February 1, 2019. The Debt Report is included for general informational purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (a) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the boundaries of the District; (b) the second column shows the percentage that the District's assessed valuation represents of the total assessed valuation of each public agency identified in the first column; and (c) the third column is an apportionment of the dollar amount of each public agency's outstanding debt to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in the second column.

TABLE 7
CENTRAL UNION HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of February 1, 2019

<u>2018-19 Assessed Valuation:</u>	\$3,832,419,072		
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		<u>% Applicable</u>	<u>Debt 2/1/19</u>
Imperial Community College District		30.479%	\$31,838,735
Central Union High School District		100.000	14,120,000⁽¹⁾
El Centro School District		100.000	12,031,651
El Centro School District Maintenance Assessment District		100.000	450,000
Heber School District		100.000	6,435,000
McCabe Union School District		100.000	6,995,808
Meadows Union School District		100.000	6,158,954
Seeley Union School District		100.000	5,858,463
Imperial County Community Facilities District No. 06-1		100.000	1,798,000
City of El Centro Community Facilities District No. 2007-1		100.000	1,175,000
City of Imperial Community Facilities District No. 2004-1		100.000	4,905,000
Heber Public Utility District Community Facilities District No. 2005-1		100.000	<u>1,685,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$93,451,611
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Imperial County Certificates of Participation		29.725%	\$ 1,938,070
Imperial County Pension Obligation Bonds		29.725	8,996,271
Imperial County Office of Education General Fund Obligations		29.725	2,540,043
Heber School District Certificates of Participation		100.000	2,370,000
City of El Centro General Fund Obligations		100.000	<u>10,625,000</u>
TOTAL OVERLAPPING GENERAL FUND DEBT			\$26,469,384
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			\$30,675,881
COMBINED TOTAL DEBT			\$150,596,876 ⁽²⁾
<u>Ratios to 2018-19 Assessed Valuation:</u>			
Direct Debt (\$14,120,000)		0.379%	
Total Direct and Overlapping Tax and Assessment Debt		2.44%	
Combined Total Debt.....		3.93%	
<u>Ratio to Redevelopment Incremental Valuation (\$816,541,958):</u>			
Combined Total Debt.....		3.76%	

⁽¹⁾ Excludes the Bonds described herein.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds is payable solely from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. See “THE BONDS” and “SECURITY FOR THE BONDS.” Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, 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 County to levy taxes on behalf of the District and the District to 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 XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8 — approved by the voters in November of 1978 — provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “SECURITY FOR THE BONDS” and “TAX BASE FOR REPAYMENT OF BONDS — Assessed Valuation.”

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The taxes for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-

approved indebtedness). The 1% property tax is automatically levied by the relevant 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

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

Article XIII B of the California Constitution

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

(a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and

(b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

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 pursuant to the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School

Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “Proposition 98” and “Proposition 111” below.

Article XIIC and Article XIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIIC and XIID (respectively, “Article XIIC” and “Article XIID”), 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 XIIC 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 XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. 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.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC of the State Constitution 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 XIID. 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.

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, or (b) the amount actually appropriated to such districts from the State 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 current level of guaranteed funding pursuant to Proposition 98 is 34.55% of the State general fund.

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

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State’s budgets in a different way than is proposed in the Governor’s Budget.

Proposition 111

On June 5, 1990, the voters of California approved the “Traffic Congestion Relief and Spending Limitation Act of 1990” (“Proposition 111”), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

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

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

b. Treatment of Excess Tax Revenues. “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is 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.

c. Exclusions from Spending Limit. Two new exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the nine cents per gallon level, 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. The 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.

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

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. 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 (also referred to as a "maintenance factor") 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 at least 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Property taxes may 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 buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement would apply only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on

local school bonds to be approved by 55% of the voters voting on the measure. These provisions require that the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district) when assessed valuation is projected to increase in accordance with Article XIII A of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends 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-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning, in 2008-09, the State is authorized to 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 amends 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Jarvis vs. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the

Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. 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 \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 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 “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 98,” and “— Proposition 111” herein. From an accounting perspective, the revenues generated from the temporary tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Propositions 22, 26, 30, 39, 98, and 55 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established

minimum funding provisions for particular activities. From time to time other initiative measures could be adopted by California voters or legislation enacted by the State Legislature, 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.

THE DISTRICT

The information in this and other sections concerning the District's operations and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" herein.

Introduction

The District was established on July 3, 1908 and currently provides public education for grades 9 through 12, as well as continuing education and adult education services. The District operates two comprehensive high schools, a continuation high school, an alternative school of choice and an adult education school: Central Union High School, Southwest High School, Desert Oasis High School, Phoenix Rising High School and Central Union Adult School. Within the District's service area, public education services for grades kindergarten through 8 are provided by the El Centro Elementary, Heber Elementary, McCabe Union Elementary, Meadows Union Elementary and Seeley Union Elementary School Districts. The District is located in the City. For general information about the area in which the District is located, see APPENDIX E – "ECONOMY OF THE DISTRICT."

Board of Trustees

The District is governed by a five-member Board of Trustees (the "Board"), whose members are elected to four year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their terms expires, are listed below:

Board of Trustees

<u>Name</u>	<u>Term Expires</u>
Diahna Garcia-Ruiz, President	November 2020
Ryan D. Childers, Clerk	November 2020
Jacinto Jimenez, Trustee	November 2020
Todd Evangelist, Trustee	November 2022
Emma L. Jones, Trustee	November 2022

Source: Central Union High School District.

Superintendent and Administrative Personnel

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day to-day operations and supervises the work of other District administrators and supervisors. Brief biographies of the Superintendent and the Assistant Superintendent, Business & Support Services are set forth below.

Renato Montaña, Superintendent. Mr. Montaña started his teaching career in Westmoreland in 1994. In 1995, he transferred to the El Centro Elementary School District where he worked as a teacher, projects coordinator, elementary and middle school principal, assistant superintendent of education services, and associate superintendent. In May 2014, Mr. Montaña was hired as superintendent for the District. During his

tenure in the District, Mr. Montañó has embraced the District’s vision to shape the future by developing skills, abilities, and knowledge to collaborate, communicate, create, think critically and effectively use technology in order to ensure all students are career and college ready. Mr. Montañó announced his resignation effective June 30, 2019.

Dr. Ward Andrus. On March 12, 2019, the Board unanimously selected Dr. Ward Andrus as the finalist for the Superintendent position, conditional upon the completion of contract negotiations. Dr. Andrus received his doctoral degree in organizational leadership from the University of La Verne, his master’s degree in educational administration and policy study from California State University, Sacramento and his bachelor’s degree in physical education from Brigham Young University, Provo, Utah. Dr. Andrus has deep experience in several districts as interim assistant superintendent, director of career technical education, pathways, and STEM curriculum, high school principal and teacher.

Arnold Preciado, Assistant Superintendent, Business & Support Services. Mr. Preciado began his school business career with the District in 1994. After a three year stay, he was hired by the El Centro Elementary School District as assistant superintendent of business services. As assistant superintendent with El Centro Elementary School District, his key objective was to provide innovative, high-quality business services for the development and support of serving the educational needs of the community. From 2010 to 2015, he was employed with the Imperial County Office of Education as assistant superintendent, business services for which one of his main job duties and priorities was to oversee the fiscal stability of 16 school districts within Imperial County. In March 2015, Mr. Preciado returned to the District where he continues to successfully maintain financial stability, enhance resources, control expenditures and effectively manage accountability in order to preserve the District’s financial success.

Historical Enrollment

The following table shows historical enrollment in the District.

**Historical Enrollment
Fiscal Years 2009-10 through 2018-19**

<u>Fiscal Year</u>	<u>Total Enrollment</u>
2009-10	4,102
2010-11	4,009
2011-12	4,056
2012-13	4,104
2013-14	4,066
2014-15	4,106
2015-16	4,120
2016-17	4,119
2017-18	4,182
2018-19 ⁽¹⁾	4,150

⁽¹⁾ CALPADS enrollment count as of October 5, 2018.
Source: Central Union High School District

Employee Relations

The District has reached a tentative agreement (TA) with the El Centro Secondary Teachers Association (“ECSTA”), which represents approximately 224 certificated employees for the 2018-19 fiscal year. The settlement with ECSTA comprised of an on-going 4.25% salary schedule increase, a one-time off-scheduled salary payout of 2.0% and a 0.08% increase to the current health and welfare cap that can be used towards the employee’s health and welfare premium. Other additional items included a tiered retirement incentive plan which provides a \$2,500 retirement bonus to those retirees that have at least 10 consecutive years with the

District, \$3,000 for those with at least 15 consecutive years, and \$3,500 for retirees that have at least 20 consecutive years with the District. Also, additional stipends and increases to certain supplemental assignments was agreed to that equate to 0.28%. The total compensation package for fiscal year 2018-19 is 4.61%. The ECSTA has approved the TA and the Board approved the TA on March 12, 2019. The total compensation packages for fiscal years 2016-17 and 2017-18 were 5.87% and 5.08%, respectively.

The settlement with the California School Employees' Association ("CSEA"), which represents approximately 135 classified employees, was an on-going increase of 3.0% to the salary schedule and a one-time off-scheduled salary payout of 2.0% for fiscal year 2018-19. At this time, it is anticipated that the CSEA and the District will have side negotiations for fiscal year 2018-19 that will include similar levels of on-going compensation that was agreed to with ECSTA. The total compensation packages for fiscal years 2016-17 and 2017-18 were 5.51% and 5.08%, respectively.

Retirement Benefits

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 California State Teachers Retirement System ("STRS") and classified employees are members of the California Public Employees' Retirement System ("PERS"). Benefit provisions under STRS and PERS are established by State statute and local government resolution. Commencing with fiscal year ended June 30, 2015, the District has implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68 ("GASB 68") and GASB Statement No. 71 ("GASB 71") which require certain new pension disclosures in the notes to their audited financial statements. APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

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 be construed as a representation by either the District or the Underwriter.

STRS. STRS provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

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 combined employer, employee and State contributions to STRS have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS plan has increased significantly in recent years. As of June 30, 2017, the STRS plan showed an estimated unfunded actuarial liability of approximately \$107.3 billion. In connection with the State's adoption of its fiscal year 2014-15 budget, the Governor signed Assembly Bill 1469 ("AB 1469") into law which seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Pension before July 1, 2014 (the "2014 Liability") within 32 years. AB 1469 addressed this 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 an employer contribution rate of 8.25% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. The Governor's proposed budget for fiscal year 2019-20 includes a one-time payment to STRS to buy down the employer contribution rates in fiscal year 2019-20 and fiscal year 2020-21. See "DISTRICT FINANCIAL MATTERS — State Budget Matters" herein. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate the 2014 Liability by June 30, 2046; provided that the rate cannot change in a fiscal year by more than 1% of creditable compensation upon

which members' contributions to the STRS plan are based; and provided further than such contribution rate cannot exceed a maximum of 20.25%.

The State also contributes to STRS, currently in an amount equal to 7.328% of teacher payroll in fiscal year 2018-19. The State's contribution reflects a base contribution rate of 2.017% and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based on the recommendation from its actuary, for fiscal year 2017-18 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 of 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.

On February 1, 2017, the STRS Board adopted revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. These revised actuarial assumptions include a decrease in the investment rate of return from 7.50% to 7.25% for the June 30, 2016 actuarial valuation, a decrease in the investment rate of return from 7.25% to 7.00% for the June 30, 2017 actuarial valuation, a decrease in projected wage growth from 3.75% to 3.50%, and a decrease in the price inflation factor from 3.00% to 2.75%.

As of June 30, 2017, the actuarial valuation for the STRS program showed an estimated unfunded actuarial liability of approximately \$107.3 billion, an increase of approximately \$10.6 billion from the June 30, 2016 actuarial valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 63.9%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the STRS valuation.

The District's recognized employer contributions to STRS for recent fiscal years are shown in the following table.

**STRS Employer Contributions
Fiscal Years 2013-14 through 2018-19**

<u>Fiscal Year</u>	<u>Amount</u>
2013-14	\$1,546,797
2014-15	908,866
2015-16	1,751,498
2016-17	2,157,942
2017-18	2,671,943
2018-19 ⁽¹⁾	3,714,270

⁽¹⁾ Projected by District.

Source: Central Union High School District Audit Report (Fiscal Years 2013-14 through 2017-18); projection for Fiscal Year 2018-19 from the District.

PERS. The District contributes to the School Employer Pool (the "Schools Pool") under the State of California Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by PERS. All qualifying classified employees of K-12 school districts in the State are members in PERS, and all of such districts participate in the same plan. 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 Laws. 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.

PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS’ annual financial report may be obtained from the PERS Executive Office, 200 P Street, Sacramento, CA 95814.

Contributions to PERS are determined through PERS 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. 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, of covered payroll.

As of June 30, 2017, the actuarial valuation for the Schools Pool showed an estimated unfunded actuarial liability of approximately \$23.6 billion, an increase of approximately \$1.8 billion from the June 30, 2016 actuarial valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2017 and June 30, 2016, based on the actuarial assumptions, were approximately 72.1% and 71.9%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the PERS valuation. In recent years, the PERS Board has taken a number of actions to address the unfunded liability. In April 2013, changes to the PERS amortization and smoothing policy were approved. 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 in years of good investment returns, help pay down the unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS approved a lowering of the discount rate assumption, adopted new demographic assumptions that are reflected in the June 30, 2018 actuarial valuation and adopted a reduction in the inflation assumption in two steps, lowered from 2.75% to 2.65% for the June 30, 2018 valuation and to 2.50% for the June 30, 2019 valuation. For the Schools Pool, the discount rate was lowered from 7.5% to 7.0% as follows: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.0% for the June 30, 2019 actuarial valuation. Lowering the discount rate means both the normal cost and the accrued liabilities will increase in the future and will result in higher required employer contributions. The full impact of the reduction in the discount rate will not be realized until fiscal year 2024-25.

The District’s recognized employer contributions to PERS for recent fiscal years are shown in the following table.

**PERS Employer Contributions
Fiscal Years 2013-14 through 2018-19**

<u>Fiscal Year</u>	<u>Amount</u>
2013-14	\$649,566
2014-15	626,800
2015-16	657,856
2016-17	757,528
2017-18	971,621
2018-19 ⁽¹⁾	1,352,249

⁽¹⁾ Projected by District.

Source: Central Union High School District Audit Report (Fiscal Years 2013-14 through 2017-18); projection for Fiscal Year 2018-19 from the District.

Governor’s Pension Reform. On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees’ Pension Reform Act of 2012 (“PEPRA”) which governs pensions for public employers and public pension plans on and after January 1,

2013. For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. STRS and PERS are more fully described in Note 11 to the District's financial statements attached hereto as APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

GASB Statement Nos. 67 and 68. In June 2012, GASB approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("GASB 67"), which addresses financial reporting for pension plans, and GASB 68, which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements will change how governments calculate and report the costs and obligations associated with pensions. Statement Number 67 replaces the current requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 27 replaces the current requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replace the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes include: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 took effect in fiscal years beginning after June 15, 2013, and Statement Number 68 took effect in fiscal years beginning after June 15, 2014. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2018."

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability for the STRS and PERS plans to be \$37,150,240 and \$13,003,665, respectively. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2018 — Note N."

Other Post-Employment Benefits (OPEB). The District provides other post-employment health care benefits ("OPEB") through a single-employer healthcare plan (the "Plan"). The District maintains the same plan for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65.

Certificated unit members may retire with District-paid benefits with at least 15 years of service with the District. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, vision, and life premiums is limited to a monthly cap of \$907.98 per retiree for 2017-18.

Classified unit members hired prior to July 1, 2005 may retire with District-paid benefits at age 55 with at least 10 years for service with the District. Classified employees hired on or after July 1, 2005 but before July 1, 2008 may retire with District-paid benefits at age 55 with at least 15 years of service with the District. Classified employees hired on or after July 1, 2008 may retire with District-paid benefits at age 55 with at least 20 years of service. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, and vision premiums is limited to a monthly cap of \$805.00 per retiree for 2017-18.

Health benefits for retirees that worked in management positions are subject to Board approval and have been assumed to follow the Certificated guidelines described above, except that management retirees do not receive District-paid life insurance. Retired members of the Board do not receive District contributions towards benefits. They are eligible to self-pay for these benefits upon completing a full term of service on the Board.

As of June 30, 2018, membership of the Plan consists of approximately 341 eligible active employees and 14 eligible retirees.

GASB Statement No. 75. For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), which is effective for periods beginning after June 15, 2017. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions and improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2018 — Notes O and R." for information on implementation of GASB 75 and the impact on the District's financial statements.

OPEB Liability and OPEB Expense.

In accordance with GASB 75, the District is required to measure and report liabilities associated with OPEB. The District's estimated total OPEB liability measured as of June 30, 2017 was \$9,779,686. For fiscal year 2017-18, the District recognized OPEB expense in the amount of \$891,075.

The following table provides the changes in the District's OPEB plan liability and related ratios.

	<u>2017-18</u>
Total OPEB Liability	
Service cost	\$608,261
Interest	282,814
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other outputs	-
Benefit payments	(291,706)
Net change in total OPEB liability	<u>\$599,369</u>
Total OPEB liability - beginning	<u>9,180,317</u>
Total OPEB liability - ending	<u><u>\$ 9,779,686</u></u>
Covered-employee payroll	\$39,892,441
Total OPEB liability as a percentage of covered-employee payroll	24.52%

Source: Central Union High School District Audit Report (Fiscal Year 2017-18).

Actuarial Assumptions. The District's total OPEB liability of \$9,779,686 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 3% per annum; salary increases 3% per annum, in aggregate; discount rate of 3.13% per annum; healthcare cost trend rates of 6% decreasing to 5% for 2018; retiree's share of costs at 0% of projected premiums. The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index. Mortality rates are based on the most recent rates used by PERS and STRS for pension valuations. The PERS mortality table was developed based on PERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The STRS mortality table was developed based on STRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of PERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the STRS experience study for the period of July 1, 2010 through June 30, 2015.

Social Security. As established by federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use "social security" as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 6.2% of an employee's gross earnings. An employee is required to contribute 6.2% of his or her gross earnings to the pension plan.

Insurance

The District participates in two joint powers agreements ("JPA's") entities, the Imperial Valley Property and Liability ("IVPL") and the Self Insurance Program of Imperial County ("SIPIC"). The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

The JPA's arrange for and provide workers' compensation, health, property and liability insurance for its members. The JPA's are each governed by a board consisting of a representative from each member entity. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member entities beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

DISTRICT FINANCIAL MATTERS

The information in this and other sections concerning the District's operations and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" herein.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the 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 State school districts. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018."

Comparative Financial Statements

The District's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for all governmental funds, except for those funds associated with the District's component units. The Board of Trustees adopts an operating budget no later than July 1 in accordance with State law. The Board of Trustees revises the budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. It is this final revised budget that is presented in the District's financial statements. The District employs budget control by minor object and by individual appropriation accounts. Expenditures may not legally exceed budgeted appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, other outgo and other financing uses.

The table on the next page summarizes the District's Statement of General Fund Revenues, Expenditures and Fund Balances for fiscal years 2013-14 through 2017-18. The figures are taken from the District's audited financial statements. See APPENDIX B — "DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018" for District financial information as of June 30, 2018.

TABLE 8
CENTRAL UNION HIGH SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances – Fiscal Years 2013-14 through 2017-18

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
REVENUES:					
LCFF Sources					
State Apportionment or State Aid	\$22,283,120	\$24,904,511	\$29,418,182	\$32,341,924	\$33,436,940
Education Protection Account Funds	5,086,779	6,439,121	6,196,463	5,974,523	6,368,735
Local Sources	3,046,432	3,183,619	3,904,761	3,877,830	4,341,017
Federal Revenue	2,640,163	2,511,714	2,685,967	2,399,163	2,571,529
Other State Revenue	3,709,338	2,525,063	5,508,698	4,970,956	4,533,964
Other Local Revenue	<u>2,112,116</u>	<u>2,219,286</u>	<u>1,391,994</u>	<u>1,471,669</u>	<u>1,354,639</u>
Total Revenues	38,877,948	41,783,314	49,106,065	51,036,065	52,606,824
EXPENDITURES:					
Instruction	21,432,554	22,135,391	25,245,530	26,110,308	28,025,369
Instruction-Related Services	4,609,717	4,658,467	4,746,468	5,230,605	5,533,374
Pupil Services	3,311,578	3,368,925	3,782,365	4,134,503	4,344,477
Ancillary Services	721,998	767,331	1,009,723	898,878	1,016,169
Community Services	37,333	41,684	28,030	62,494	84,948
General Administration	2,658,774	2,449,362	3,001,522	3,286,883	3,419,031
Plant Services	4,729,093	4,317,134	7,434,183	5,183,356	5,947,113
Other Outgo	1,352,010	1,910,763	584,120	575,330	597,719
Capital Outlay	-	-	866,255	2,949,421	2,809,570
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	38,853,057	39,649,057	46,698,196	48,431,778	51,777,770
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,891	2,134,257	2,407,869	2,604,287	829,054
Other Financing Sources (Uses):					
Transfers In ⁽¹⁾	3,336	4,132	2,303,779	4,111,412	2,011,796
Transfers Out ⁽¹⁾	-	(500,000)	(2,435,621)	(6,112,818)	(4,602,924)
Proceeds from Sale of Bonds	-	-	-	-	-
Other Sources	-	-	-	-	-
Total Other Financing Sources (Uses)	3,336	(495,868)	(131,842)	(2,001,406)	(2,591,128)
Net Change in Fund Balance	28,227	1,638,389	2,276,027	602,881	(1,762,074)
Fund Balance – July 1	<u>13,520,880</u>	<u>13,549,108</u>	<u>15,540,678⁽²⁾</u>	<u>17,816,704</u>	<u>18,419,584</u>
Fund Balance – June 30	<u>\$13,549,107</u>	<u>\$15,187,497</u>	<u>\$17,816,705</u>	<u>\$18,419,585</u>	<u>\$16,657,510</u>

Source: Central Union High School District Audit Report (Fiscal Years 2013-14 through 2017-18).

⁽¹⁾ Transfers in equal transfers out under total governmental funds, the variance in general fund presentation is due to transfers out from the general fund to non-major governmental funds. FY 2015-16: \$1,796,621 to Fund 140 (Deferred Maintenance Fund), \$500,000 to Fund 200 (OPEB), \$140,000 to Cafeteria Fund; FY 2016-17: \$500,000 to Fund 200, \$3,965,000 to Fund 140, \$1,500,000 to Fund 400 (Special Reserve for Capital Outlay), \$147,818 to Cafeteria Fund; FY 2017-18: \$500,000 to Fund 200, \$1,500,000 to Fund 140, \$2,000,000 to Fund 400, \$442,924 to Fund 110 (Adult Education), \$160,000 to Cafeteria Fund.

⁽²⁾ In accordance with GASB Statement No. 54, in fiscal year 2015-16, the deferred maintenance fund was reported in the general fund since there were no special revenue sources or committed funds and it did not meet the reported definition of a special revenue fund.

District Budget Process and County Review

The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 (“AB 1200”) adopted in 1991. The budget process has been further amended by subsequent amendments. Under current law, a school district governing board must adopt and file with the county superintendent of schools an adopted budget by July 1 in each fiscal year. The District is under the jurisdiction of the County Superintendent of Schools (the “County Superintendent”).

The County Superintendent must review and approve, conditionally approve or disapprove the budget no later than September 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 conditionally approved or disapproved, on or before October 8, the governing board of the school district, in conjunction with the County Superintendent, shall review and respond to the recommendation of the County Superintendent at a regular meeting of the governing board of the school district. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations. On or before October 22, the County Superintendent shall provide a list to the State Superintendent of Public Instruction identifying all school districts for which budgets may be disapproved. If the County Superintendent disapproves the budget, he or she shall call for the formation of a budget review committee pursuant to Education Code Section 42127.1 unless the governing board of the school district and the County Superintendent agree to waive the requirement that a budget review committee be formed, and the department approves the waiver after determining that a budget review committee is not necessary. Until a school district receives approval of its budget, the school district shall continue to operate on the basis of whichever of the following budgets contains a lower spending authority: (a) the last budget adopted or revised for the prior fiscal year or (b) the unapproved budget for the current fiscal year.

Under the provisions of AB 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 March 15 for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

The District’s Second Interim Report for fiscal year 2018-19 received a positive certification. In the past five fiscal years, the District has only received positive certifications and has not received a qualified or negative certification.

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the 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 State school districts. See APPENDIX B — “DISTRICT’S AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2018.”

The table below shows the adopted general fund budget for the District for fiscal year 2018-19 and Second Interim Report projections for fiscal year 2018-19.

TABLE 9
CENTRAL UNION HIGH SCHOOL DISTRICT
Fiscal Year 2018-19 (Adopted Budget and Second Interim Report Projections)

	<u>Adopted Budget</u>	<u>Second Interim Report Projections</u>
Revenues		
LCFF Sources	\$47,323,152.00	\$47,594,563.00
Federal Revenue	2,376,717.00	3,290,406.06
Other State Revenue	6,323,839.00	5,713,342.33
Other Local Revenue	<u>1,186,310.00</u>	<u>1,195,150.87</u>
Total Revenues	57,210,018.00	57,793,462.26
Expenditures		
Certificated Salaries	22,100,265.00	23,249,346.08
Classified Salaries	7,352,160.00	7,822,553.73
Employee Benefits	11,531,050.00	11,938,653.97
Books and Supplies	4,140,586.00	4,286,802.67
Services and Other Operating Expenditures	4,910,314.00	5,152,461.40
Capital Outlay	1,752,217.00	2,940,574.64
Other Outgo (excluding Transfers of Indirect Costs)	640,953.00	644,512.89
Other Outgo – Transfers of Indirect Costs	<u>(105,500.00)</u>	<u>(106,860.00)</u>
Total Expenditures	52,322,045.00	55,928,045.38
Excess (Deficiency) of Revenues over Expenditures Before Other Financing Sources And Uses	4,887,973.00	1,865,416.88
Other Financing Source (Uses):		
Interfund Transfers		
Transfers In	0.00	0.00
Transfers Out ⁽¹⁾	4,820,538.00	4,820,538.00
Other Sources/Uses		
Sources	0.00	0.00
Uses	0.00	0.00
Contributions	<u>0.00</u>	<u>0.00</u>
Total Other Financing Sources/Uses	(4,820,538.00)	(4,820,538.00)
Net Increase (Decrease) in Fund Balance	67,435.00	(2,955,121.12)
Beginning Fund Balance		
As of July 1 - Unaudited ⁽²⁾	11,464,644.00	13,392,578.92
Ending Balance, June 30	\$11,532,079.00	\$10,437,457.80

Sources: Central Union High School District Adopted Budget for Fiscal Year 2018-19 and Second Interim Report for Fiscal Year 2018-19.

⁽¹⁾ Includes \$1,660,538 to deferred maintenance fund, \$160,000 to cafeteria fund and \$3,000,000 to special reserve for capital outlay.

⁽²⁾ Budget for fiscal year 2018-19 was adopted in July 2018, prior to receipt of unaudited actuals, so beginning fund balance as of July 1, 2018 significantly higher than budget.

Local Control Funding

Prior to the implementation of the Local Control Funding Formula (“LCCF”) in fiscal year 2013-14, under California Education Code Section 42238 and following, each school district was determined to have a target funding level: a “base revenue limit” per student multiplied by the district’s student enrollment measured in units of average daily attendance (“ADA”). The base revenue limit was calculated from the district’s prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district’s base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State “equalization aid.” To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State’s contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the “basic aid” of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as “basic aid districts.” School districts that received some equalization aid were commonly referred to as “revenue limit districts.” The District was a revenue limit district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant (“Base Grant”) per unit of ADA with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth (“Unduplicated Pupil Students”). 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. Such Base Grant per unit of ADA, adjusted by grade span variation and to be adjusted annually for cost-of-living, is as follows: \$6,845 for grades K-3, \$6,947 for grades 4-6, \$7,154 for grades 7-8 and \$8,289 for grades 9-12. This amount includes an adjustment of 10.4% to the Base Grant to support lowering class sizes in grades K-3, and an adjustment of 2.6% to reflect the cost of operating career technical education programs in grades 9-12. The fiscal year 2018-19 adjusted Base Grants, including the cost-of-living and grade span adjustments, are as follows: \$8,235 for grades K-3, \$7,571 for grades 4-6, \$7,796 for grades 7-8 and \$9,269 for grades 9-12.
- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5% of a local education agency’s Base Grant, based on the number of Unduplicated Pupil Students served by the local education agency that exceed more than 55% of enrollment. The District qualifies for additional concentration grants.
- An Economic Recovery Target (the “ERT”) that is intended to ensure that almost every local education agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of ADA), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local education agencies would receive the greater of the Base Grant or the ERT.

Under LCFF, for “basic aid districts” (as described above), local property tax revenues would be used to offset up to the entire allocation under the new formula. However, “basic aid districts” would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

All school districts, county offices of education and charter schools are required to develop and adopt local control and accountability plans, which will identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement and school climate. Such local control and accountability plans are to be developed in accordance with a template to be provided by the State Board of Education. County superintendents will review and provide support to the school districts under their jurisdiction, while the Superintendent of Public Instruction will perform a corresponding role for county offices of education. The 2013-14 State Budget created the California Collaborate for Education Excellence (the “Collaborative”) to advise and assist local education agencies in achieving the goals identified in their plans. For local education agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the Superintendent of Public Instruction would have authority to make changes to a local education agency’s plan.

Attendance and LCFF. The following table sets forth the District’s actual ADA and Unduplicated Pupil enrollment for fiscal years 2013-14 through 2017-18 and projected figures for fiscal year 2018-19.

TABLE 10
CENTRAL UNION HIGH SCHOOL DISTRICT
(County of Imperial, California)
Average Daily Attendance and % of Unduplicated Pupil Enrollment
Fiscal Years 2013-14 through 2018-19

<u>Fiscal Year</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>% of Unduplicated Pupil Enrollment</u>
2013-14	3,852.10	75.23%
2014-15	3,880.28	75.59
2015-16	3,916.18	76.01
2016-17	3,928.80	73.31
2017-18	4,003.96	77.41
2018-19 ⁽²⁾	3,949.56	76.72

⁽¹⁾ Reflects P-2 ADA.

⁽²⁾ Projected.

Source: Central Union High School District.

The District received approximately \$34.5 million in aggregate revenues allocated under the LCFF in fiscal year 2014-15, received approximately \$39.5 million in aggregate revenues under the LCFF in fiscal year 2015-16, received approximately \$42.2 million in aggregate revenues under the LCFF in fiscal year 2016-17, received approximately \$44.2 million in aggregate revenues under the LCFF in fiscal year 2017-18 (or approximately 84% of its general fund revenues in fiscal year 2017-18) and has budgeted to receive approximately \$47.6 million in aggregate revenues under the LCFF in fiscal year 2018-19.

Local Sources of Education Funding

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

Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, “basic aid districts” would continue to receive the same level of State aid as allotted in fiscal year 2015-16. See “—*Local Control Funding Formula*” herein for more information about the LCFF.

Local property tax revenues accounted for approximately 9.8% of the District’s aggregate revenues allocated under the LCFF for fiscal year 2017-18 and are budgeted to be approximately \$4.2 million or 8.9% of the District’s aggregate revenues allocated under the LCFF in fiscal year 2018-19.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” below.

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprised approximately 4.9% (or approximately \$2.6 million) of the District’s general fund revenues for fiscal year 2017-18 and are budgeted to be approximately 4.2% (or approximately \$2.4 million) of the District’s general fund revenues for fiscal year 2018-19.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District received other State revenues which comprise approximately 8.6% (or approximately \$4.5 million) of the District’s general fund revenues for fiscal year 2017-18 and are budgeted to be approximately 11% (or approximately \$6.3 million) of the District’s general fund revenues for fiscal year 2018-19. A significant portion of such other State revenues are amounts the District received from State lottery funds, some of which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total ADA.

Other Local Revenues. In addition to *ad valorem* property taxes, the District received additional local revenues from sources which comprised approximately 2.6% (or approximately \$1.4 million) of the District’s general fund budgeted revenues for fiscal year 2017-18 and are budgeted to be approximately 2.0% (or approximately \$1.2 million) of the District’s general fund revenues for fiscal year 2018-19.

Developer Fees

The District maintains a capital facilities fund (the “Capital Facilities Fund”), separate and apart from the general fund, to account for developer fees collected by the District. Additionally, the Capital Facilities Fund is also used for the receipt and disbursement of redevelopment moneys from redevelopment agencies. The District’s developer fees may be utilized for the construction/reconstruction of school facilities.

Collection of such fees followed a formal declaration by the Board of Trustees which addressed the overcrowding of District schools as a result of new development. These fees are collected pursuant to certain provisions of the Education Code of the State. The square-foot amounts are periodically adjusted for inflation and the current Level I developer fees are \$1.17 per square foot (residential) and \$0.19 per square foot (commercial). The Board of Trustees has approved Level II and Level III developer fees. The District imposes Level II developer fees for residential development at a rate of \$1.74 per square foot. As of June 30, 2018, a balance of \$1,381,427 existed in the District’s Capital Facilities Fund.

State Budget Measures

The following information concerning the State’s budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should

not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable solely from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

2018-19 State Budget. On June 27, 2018, the Governor signed the State budget for fiscal year 2018-19 (the “2018-19 State Budget”). The 2018-19 State Budget estimates that general fund revenues available in fiscal year 2017-18 totaled approximately \$129.82 billion (including a prior year balance of \$5.70 billion) and total expenditures in fiscal year 2017-18 totaled approximately \$127.05 billion. The 2018-19 State Budget projects total general fund revenues available for fiscal year 2018-19 of \$133.33 billion (including a prior year balance of \$8.483 billion). The 2018-19 State Budget projects total general fund expenditures of \$138.69 billion. The 2018-19 State Budget proposes to allocate \$200 million of the State’s general fund’s projected fund balance to the State’s reserve for liquidation of encumbrances and \$2.6 billion of such fund balance to the State’s Constitutional rainy day fund (the “Special Fund for Economic Uncertainties”).

According to the Legislative Analyst’s Office, the 2018-19 State Budget proposes to end fiscal year 2018-19 with \$15.3 billion in total reserves, which includes \$13.8 billion in the Special Fund for Economic Uncertainties. The budget would increase the Special Fund for Economic Uncertainties by over \$5 billion in fiscal year 2018-19, including an optional \$2.6 billion deposit. The 2018-19 State Budget deposits into the Special Fund for Economic Uncertainties results in such fund reaching its constitutional maximum. The Legislative Analyst’s Office advises that this approach may be prudent in light of economic and federal budget uncertainty, but comes with trade-offs for the State, including requiring rainy day reserves in excess of 10 percent to be spent on infrastructure projects.

The 2018-19 State Budget provides for \$78.4 billion of funding through Proposition 98. Other significant features of the 2018-19 State Budget with respect to K-12 education funding include the following:

- Total funding of \$97.2 billion (\$56.1 billion General Fund and \$41.1 billion other funds) for all K-12 education programs;
- Approximately \$600 million of Proposition 51 funds, approved by voters in 2016, allocated through the School Facilities Program;
- \$3.7 billion in new funding for LCFF, including both a 2.71% cost-of-living adjustment and an additional \$570 million above the cost-of-living adjustment as an ongoing increase to the formula;
- \$300 million one-time Proposition 98 General Fund for the Low-Performing Student Block Grant, which will provide resources in addition to LCFF funds to local education agencies with students who: (1) perform at the lowest levels on the State’s academic assessments, and (2) do not generate supplemental LCFF funds or State or federal special education resources; and
- \$57.8 million Proposition 98 General Fund for county offices of education to provide technical assistance to school districts.

Proposed 2019-20 State Budget. On January 10, 2019, the Governor released the State budget for fiscal year 2019-20 (the “2019-20 Proposed State Budget”). The 2019-20 Proposed State Budget assumes moderate growth in revenues of approximately \$5.24 billion. The projected general fund revenues and transfers available in fiscal year 2019-20 totaled approximately \$147.9 billion and total expenditures in such fiscal year totaled approximately \$144.2 billion. As a part of the expenditures for fiscal year 2019-20, the 2019-20 Proposed State Budget allocates approximately \$20.6 billion in discretionary spending, with approximately \$9.7 billion to pay down State liabilities, \$5.1 billion to one-time or temporary program spending and \$3 billion to discretionary reserves. The 2019-20 Proposed State Budget also estimates \$18.5 billion in reserves by the end of fiscal year 2019-20 which includes a balance of \$15.3 billion for the State’s budget stabilization account, \$2.3 billion for

the Special Fund for Economic Uncertainties and \$900 million for the State's safety net reserve which may be utilized for CalWORKS and Medi-Cal in the event of a recession.

The 2019-20 Proposed State Budget provides for \$80.7 billion of funding through Proposition 98. Other significant features of the 2019-20 Proposed State Budget with respect to K-12 education funding include the following:

- \$2 billion augmentation to the LCFF, and more than \$576 million for special education;
- 3.46% cost-of-living adjustment to LCFF;
- \$3 billion one-time non-Proposition 98 General Fund payment to STRS to reduce pension costs for K-12 schools and community colleges, of this amount a total of \$700 million would be provided to buy down the employer contribution rates in 2019-20 and 2020-21. Based on current assumptions, employer contributions would decrease from 18.13% to 17.1% in 2019-20 and from 19.1% to 18.1% in 2020-21;
- \$1.5 billion release of Proposition 51 bond funds; and
- \$1.2 million ongoing Proposition 51 bond fund and State School Site Utilization Funds, and 10 positions for the Office of Public School Construction to support the increased processing of applications and program workload.

The District does not provide assurances regarding the 2018-19 State Budget or the 2019-20 Proposed State Budget nor can it predict the impact that the 2018-19 State Budget, the 2019-20 Proposed State Budget or subsequent budgets, will have on its finances and operations.

The full summary of the 2018-19 State Budget and the 2019-20 Proposed State Budget can be viewed at www.ebudget.ca.gov or www.dof.ca.gov.

Future Actions. The District cannot predict what actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and

special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see “— Dissolution of Redevelopment Agencies” below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

DISTRICT DEBT STRUCTURE

Long-Term Debt

As of June 30, 2018, the District had \$77,261,405 of long-term debt outstanding. The District's general obligation debt, consisting of the outstanding 2011 Refunding Bonds, outstanding 2016 Refunding Bonds and the outstanding Series 2016 Bonds (defined below), is payable from *ad valorem* taxes levied on the parcels within the District, and not from general revenues of the District. A schedule of changes in debt for the fiscal year ended June 30, 2018 is set forth the table below.

TABLE 11
CENTRAL UNION HIGH SCHOOL DISTRICT
Schedule of Changes in Debt as of June 30, 2018⁽¹⁾

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
General Obligation Bonds				
Principal Balance	\$18,130,000	\$ -	\$ 1,940,000	\$ 16,190,000
Bond Premium	<u>1,084,000</u>	<u>-</u>	<u>89,484</u>	<u>995,068</u>
Total General Obligation Bonds	\$19,214,552	\$ -	\$ 2,029,484	\$ 17,185,068
Net OPEB Obligation	\$ 9,180,317	\$ 599,369	\$ --	\$ 9,779,686
Net Pension Liability	43,168,333	6,985,572	-	50,153,905
Compensated Absences ⁽¹⁾	<u>155,039</u>	<u>--</u>	<u>12,293</u>	<u>142,746</u>
Total	\$71,718,241	\$7,584,941	\$2,041,777	\$77,261,405

⁽¹⁾ Other long-term liabilities.

Source: Central Union High School District Audited Financial Statement Fiscal Year Ended June 30, 2018.

General Obligation Bonds

The District received authorization at an election held on April 14, 1992, by more than two thirds vote of the qualified electors within the District (the "1992 Authorization"), to issue not to exceed \$25,000,000 of general obligation bonds. Pursuant to the 1992 Authorization, the District issued multiple series of bonds, including those designated "Series D" and issued in the aggregate principal amount of \$1,415,000 on June 19, 2003 (the "Series D Bonds") and a series designated "Series B" in the aggregate principal amount of \$5,150,000, which were subsequently refunded in full with the proceeds of the District's 2005 General Obligation Refunding Bonds (Bank Qualified), issued in the aggregate principal amount of \$4,790,000 on June 30, 2005 (the "2005 Refunding Bonds" and, together with the Series D Bonds, the "Refunded Bonds"). The 2005 Refunding Bonds and the Series D Bonds were refunded in full with a portion of the proceeds of the District's 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds"), issued in the aggregate principal amount of \$2,480,000 on November 17, 2016.

Pursuant to the 1992 Authorization, the District issued a series designated "Series C" in the aggregate principal amount of \$3,000,000, which were subsequently refunded in full with a portion of the proceeds of its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), issued in the aggregate principal amount of \$9,165,000 on November 17, 2011. In addition, the District issued a series designated "Series A" in the aggregate principal amount of \$15,435,000, which were subsequently refunded in full with the proceeds of General Obligation Refunding Bonds, Series 2002, issued in the aggregate principal amount of \$12,710,000, which were subsequently refunded in full with a portion of the proceeds of the 2011 Refunding Bonds.

Pursuant to the 2016 Authorization, the District issued its General Obligation Bonds, Election of 2016, Series 2016 (the “Series 2016 Bonds”) in the aggregate principal amount of \$12,000,000. The Bonds are anticipated to be the final series of bonds issued under the 2016 Authorization.

The following table shows the currently outstanding prior general obligation bond issues of the District (not including the Bonds):

TABLE 12
CENTRAL UNION HIGH SCHOOL DISTRICT
Outstanding General Obligation Bonds

<u>Bond Issuance</u>	<u>Initial Principal Amount</u>	<u>Principal Currently Outstanding⁽¹⁾</u>	<u>Date of Delivery</u>
2011 Refunding Bonds	\$9,165,000	\$1,145,000	November 17, 2011
2016 Refunding Bonds	\$2,480,000	\$1,690,000	November 17, 2016
Series 2016 Bonds	\$12,000,000	\$11,285,000	November 17, 2016
TOTAL	\$23,645,000	\$14,120,000	

⁽¹⁾ As of March 1, 2019.

Source: Central Union High School District.

The following table shows combined debt service with respect to the 2011 Refunding Bonds, the 2016 Refunding Bonds, the Series 2016 Bonds and the Bonds, assuming no optional redemption:

TABLE 13
CENTRAL UNION HIGH SCHOOL DISTRICT
General Obligation Bonds
Aggregate Debt Service

Year Ending August 1	2011 Refunding Bonds	2016 Refunding Bonds	Series 2016 Bonds	Series 2019 Bonds	Total Annual Debt Service
2019	\$ 220,800	\$ 464,000	\$ 1,090,850		\$
2020	213,800	467,800	432,950		
2021	216,800	455,800	432,950		
2022	219,400	93,600	432,950		
2023	221,600	86,900	432,950		
2024	218,400	90,300	432,950		
2025	-	93,600	432,950		
2026	-	91,800	432,950		
2027	-	-	652,950		
2028	-	-	669,150		
2029	-	-	684,350		
2030	-	-	703,550		
2031	-	-	716,550		
2032	-	-	736,800		
2033	-	-	756,150		
2034	-	-	774,600		
2035	-	-	792,150		
2036	-	-	813,800		
2037	-	-	833,800		
2038	-	-	852,063		
2039	-	-	874,188		
2040	-	-	895,013		
2041	-	-	919,538		
2042	-	-	937,600		
2043	-	-	965,063		
2044	-	-	989,113		
2045	-	-	1,014,750		
2046	-	-	1,036,713		
2047	-	-	-		
2048	-	-	-		
2049	-	-	-		
Totals	\$1,310,800	\$1,843,800	\$20,739,388		\$

Source: The Underwriter.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), a form of which is attached to this Official Statement as Appendix D, the District has agreed to provide certain annual financial and operating data to the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), which can be found at www.emma.msrb.org, not later than nine months following the end of each fiscal year of the District. In addition, the District has agreed to report the occurrence of certain enumerated events. Filings to be made under the Continuing Disclosure Certificate of the District are to be made to EMMA. See APPENDIX D — “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

These covenants in the Continuing Disclosure Certificate have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The Owners of the Bonds are third party beneficiaries of the Continuing Disclosure Certificate. A default under the Continuing Disclosure Certificate is not an event of default under the Resolution. In addition, no person or entity shall be entitled to recover any monetary damages under the Continuing Disclosure Certificate and the sole remedy is to bring an action against the District to compel performance with the terms of the agreement.

The District has entered into previous continuing disclosure undertakings pursuant to the Rule. A review of compliance with continuing disclosure undertakings for filings required by the District indicates that the District may not have fully complied with its prior continuing disclosure undertakings pursuant to the Rule. The review indicated that: (i) annual reports or audited financial statements for fiscal years 2012-13 and 2013-14 were filed between 724 and 359 days late; (ii) specific information to be included in the annual reports for fiscal years 2012-13, 2013-14, and 2014-15 was not included in the annual reports; (iii) notices of failure to provide annual reports or audited financial statements by the filing date were not always provided; (iv) notice of a rating change of a bond insurer with respect to the Series D Bonds and the 2011 Refunding Bonds was not filed; and (v) notice of an underlying rating change with respect to the 2011 Refunding Bonds was not filed. Based on the review, information not previously filed has since been filed on the EMMA website and the District believes that it is currently in compliance with its continuing disclosure undertakings.

In order to ensure ongoing compliance by the District and its related entities with their continuing disclosure undertakings, the District instituted new procedures to ensure future compliance and has contracted with Capitol Public Finance Group, LLC to assist the District in filing accurate, complete and timely disclosure reports on behalf of the District.

LEGAL MATTERS

Tax Exemption

In the opinion of Best Best & Krieger LLP, San Diego, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is based upon certain representations of fact and certifications made by the District, the Underwriter and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be

included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

Should the interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Resolution.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent bondowners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals are announced from time to time which generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

The Internal Revenue Service (the "IRS") has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix A.

Approval of Legal Proceedings

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Best Best & Krieger LLP, San Diego, California, Bond Counsel. Best Best & Krieger LLP, San Diego, California, is also serving as Disclosure Counsel in connection with the sale, issuance and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California.

Copies of the approving opinion of Bond Counsel will be available at the time of delivery of the Bonds. The form of the opinion is set forth in APPENDIX A – "FORM OF OPINION OF BOND COUNSEL." Except as expressly described in certain opinions delivered to the District and the Underwriter, Bond Counsel is not passing upon and undertakes no responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

Legality for Investment in California

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

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

MISCELLANEOUS

Rating

The District has obtained an underlying rating on the Bonds from Moody's Investors Service ("Moody's") of "Aa3". Such rating reflects only the views of such organization and any desired explanation of the significance of the rating should be obtained from: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Generally, rating agencies base their ratings on the information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on independent investigations, studies and assumptions of their own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$_____ (consisting of the principal amount of the Bonds of \$_____, plus/less [net] original issue premium/discount in the amount of \$_____, and less Underwriter's discount in the amount of \$_____).

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover pages hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in the Official Statement. Stifel, Nicolaus & Company, Incorporated's Fabric of Society program provided scholarships to graduating seniors attending Central Union High School in 2013 and 2014.

Audited Financial Statements

The District's audited financial statements for fiscal year 2017-18, included in this Official Statement have been audited by Wilkinson Hadley King & Co. LLP, El Cajon, California, independent auditors, as stated in their report.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds and of the statutes and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any Bond owner may obtain copies of District audits and budgets, as available, from the District at 351 Ross Avenue, El Centro, California 92243. The District may impose a charge for copying, mailing and handling.

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

The delivery of this Official Statement has been duly authorized by the District.

CENTRAL UNION HIGH SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

_____, 2019

Central Union High School District
Board of Trustees
351 Ross Avenue
El Centro, California 92243

Re: \$_____ Central Union High School District General Obligation Bonds, Election
 of 2016, Series 2019

Ladies and Gentlemen:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$_____ Central Union High School District General Obligation Bonds, Election of 2016, Series 2019 (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination, as bond counsel, of existing law, certified copies of such legal proceedings and such other proof as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and certifications demonstrate lawful authority for the issuance and sale of the Bonds pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A, subdivision (b) of Section 18 of Article XVI of the California Constitution, and Section 15266 of the Education Code of the State of California, a fifty-five percent vote of the qualified electors of the Central Union High School District (the “District”) voting at an election held on June 7, 2016, Article 4.5 (commencing with Section 53506) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and a resolution of the Board of Trustees of the District (the “Resolution”).

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax.

4. Interest on the Bonds is exempt from State of California personal income tax.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect of such action on the exclusion from gross income of interest for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than as expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted in the Resolution to comply with all such requirements.

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

Respectfully submitted,

APPENDIX B

**DISTRICT'S AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

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**CENTRAL UNION HIGH SCHOOL DISTRICT
COUNTY OF IMPERIAL
EL CENTRO, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2018

Introductory Section

Central Union High School District
 Audit Report
 For The Year Ended June 30, 2018

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Central Union High School District
 Audit Report
 For The Year Ended June 30, 2018

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Financial Section



P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report

To the Board of Trustees
Central Union High School District
El Centro, 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 Central Union High 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Union High School 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2018, Central Union High School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 Central Union High School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of Central Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Central Union High School District's internal control over financial reporting and compliance.

Wilkinson Abbey King & Co., LLP

El Cajon, California
December 17, 2018

CENTRAL UNION HIGH SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Unaudited)

The discussion and analysis of Central Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2016-17 to 2017-18 was \$1.98 million. The increase is due to the State of California funding 42.97% of the LCFF gap. State revenues have been outpacing forecasts.
- The general fund expenditures increased by \$3.1 million or 6.7% over the previous year amount.
- General Fund expenditures and other uses exceeded revenue and other sources by \$1.38 million.
- The General Fund ended the fiscal year with 22.5% reserves in unrestricted fund balance.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Central Union High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2017-2018?"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund and the Building Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They 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 operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Fiduciary Funds

The District is the trustee, or fiduciary, for the student activities funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was \$33.8 million at June 30, 2018. Of this amount, unrestricted net position was (\$40.2) million, net investment in capital assets was \$58.9 million, and restricted net position was \$15.1 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$1.5 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 79% of total expenses. The administrative activities of the District accounted for just 7% of total costs. The remaining 14% was spent in the areas of plant services and other expenses. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

	<u>Governmental Activities</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets		
Cash	\$ 33,129,211	\$ 36,414,317
Accounts receivable	1,994,168	1,504,556
Stores inventory	74,850	90,408
Capital assets, net	<u>67,910,311</u>	<u>63,463,380</u>
Total Assets	<u>\$ 103,108,540</u>	<u>\$ 101,472,661</u>
Deferred Outflows of Resources		
Deferred outflows of resources - OPEB	\$ 216,358	\$ 0
Deferred outflows of resources - pensions	16,523,170	8,086,501
Deferred outflows of resources - other	<u>406,881</u>	<u>457,932</u>
Total Deferred Outflows of Resources	<u>\$ 17,146,409</u>	<u>\$ 8,544,433</u>
Liabilities		
Accounts payable and other current liabilities	1,520,101	1,980,715
Unearned revenue	1,188,296	1,197,302
Long-term liabilities	<u>77,261,405</u>	<u>67,191,030</u>
Total Liabilities	<u>79,969,802</u>	<u>70,369,047</u>
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	\$ 6,472,429	\$ 2,756,355
Total Deferred Inflows of Resources	<u>\$ 6,472,429</u>	<u>\$ 2,756,355</u>
Net Assets		
Net investment in capital assets	58,873,300	54,652,583
Restricted	15,092,168	6,773,141
Unrestricted	<u>(40,152,750)</u>	<u>(24,534,032)</u>
Total Net Position	<u>\$ 33,812,718</u>	<u>\$ 36,891,692</u>

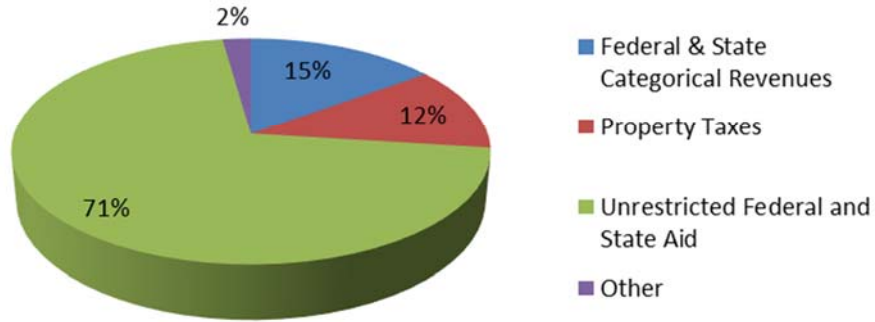
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	June 30, 2018	June 30, 2017
Revenues		
Program revenues		
Charges for services	\$ 270,781	\$ 278,346
Operating and capital grants	8,707,676	9,356,630
General revenues		
Taxes levied for general purposes	4,373,557	3,884,924
Taxes levied for debt service	2,477,135	2,258,138
Taxes levied for other specific purposes	217,094	202,142
Federal and state aid not restricted to specific purposes	41,324,674	40,081,512
Interest and investment earnings	217,603	152,488
Miscellaneous	808,125	1,148,652
Total Revenues	<u>58,396,645</u>	<u>57,362,832</u>
Expenses		
Instruction	31,758,517	32,209,448
Instruction related services	6,320,771	6,434,107
Pupil support services	6,809,580	6,896,849
General administration	3,702,297	4,050,454
Plant services	5,891,418	5,756,831
Other	2,331,630	2,261,151
Total Expenses	<u>56,814,213</u>	<u>57,608,840</u>
Increase (Decrease) in Net Position	1,582,432	(246,008)
Net Position - Beginning Balance	36,891,692	37,137,700
Adjustment for implementation of GASB 75	(4,661,406)	0
Net Position - Ending Balance	<u>\$ 33,812,718</u>	<u>\$ 36,891,692</u>

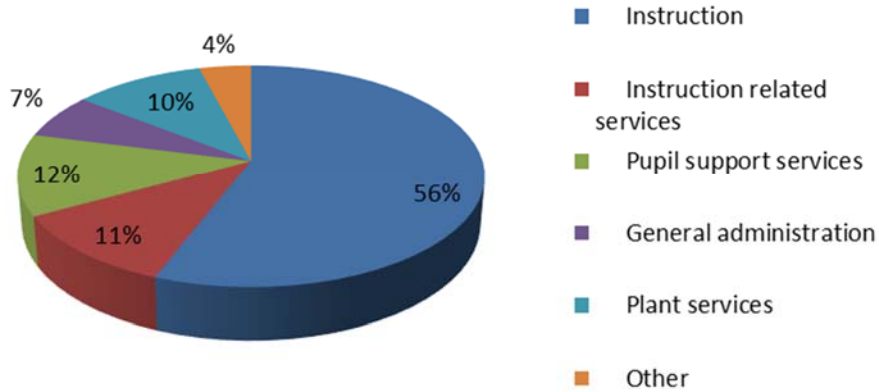
GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$56.8 million. The amount that our local taxpayers financed for these activities through property taxes was \$7.1 million. Federal and State aid not restricted to specific purposes totaled \$41.3 million covering 72.7% of district expenses. Operating grants and contributions revenue was \$8.7 (See Figure 1).

**Sources of Revenue for the 2017-18
Fiscal Year - Figure 1**



Expenses for the 2017-18 Fiscal Year - Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources. The District’s Governmental Funds reported a combined fund balance of \$32.8 million, a decrease of \$1.9 million from the previous fiscal year’s combined ending balance of \$34.7 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$2.6 million.

The District ended the year with a \$1.4 million decrease to the general fund ending balance. The State recommends available reserves of 3% of District expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital Assets.

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 8,163,554	\$ 8,163,554	\$ 0	0.0%
Work in Progress	8,851,083	6,327,254	2,523,829	39.9%
Land Improvements	8,964,057	7,586,347	1,377,710	18.2%
Buildings & Improvements	76,882,509	75,730,399	1,152,110	1.5%
Equipment	9,357,616	7,875,255	1,482,361	18.8%
Less Accumulated Depreciation for				
Land Improvements	(6,159,928)	(5,995,144)	(164,784)	2.7%
Buildings & Improvements	(32,774,728)	(31,355,052)	(1,419,676)	4.5%
Equipment	(5,373,852)	(4,869,233)	(504,619)	10.4%
Total	<u>\$ 67,910,311</u>	<u>\$ 63,463,380</u>	<u>\$ 4,446,931</u>	<u>7.0%</u>

Long-Term Debt

At June 30, 2018 the District had \$17.9 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 17,185,068	\$ 19,214,552	\$ (2,029,484)	-10.6%
Total Long-Term Debt	<u>\$ 17,185,068</u>	<u>\$ 19,214,552</u>	<u>\$ (2,029,484)</u>	<u>-10.6%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturns and surpluses impact the District's fiscal future dramatically. The financial well-being of the District is tied in large measure to the state funding formula which is currently funding the District at 96.29%.

The latest enrollment projections indicate a flat enrollment for the District over the next two school years. Student enrollment and attendance are primary factors in the computation of most funding formulae for public schools in the State of California. While ADA growth is not budgeted until realized in the fall, future growth potential is there, but attendance remains the focal point of every budget report.

Predicting the future requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District currently maximizes restricted funds prior to utilizing unrestricted revenues in the budget development process. In addition, personnel practices will evidence early and effective intervention in identifying appropriate personnel actions that need to occur early in future school years experiencing State economic fallout. The District has an excellent track record in meeting this challenge in what has proven to be a long cycle of lean years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, 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 additional financial information, please contact the business office, at Central Union High School District, 351 W Ross Ave, El Centro, California 92243.

Basic Financial Statements

CENTRAL UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash	\$ 33,129,211
Receivables	1,994,168
Stores	74,850
Capital Assets:	
Land	8,163,554
Land Improvements	8,964,057
Buildings	76,882,509
Equipment	9,357,616
Work in Progress	8,851,083
Less Accumulated Depreciation	(44,308,508)
Total Assets	<u>103,108,540</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>17,146,409</u>
LIABILITIES	
Accounts Payable	1,520,101
Unearned Revenue	1,188,296
Long-Term Liabilities:	
Due Within One Year	2,309,265
Due in More Than One Year	74,952,140
Total Liabilities	<u>79,969,802</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,472,429</u>
NET POSITION	
Net Investment in Capital Assets	58,873,300
Restricted for:	
Capital Projects	9,540,059
Debt Service	3,260,963
Educational Programs	1,707,664
Other Purposes (Expendable)	502,633
Other Purposes (Nonexpendable)	80,849
Unrestricted	(40,152,750)
Total Net Position	<u>\$ 33,812,718</u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 31,758,517	\$ -	\$ 4,287,552	\$ 69	\$ (27,470,896)
Instruction-Related Services:					
Instructional Supervision and Administration	2,117,760	-	499,925	-	(1,617,835)
Instructional Library, Media and Technology	510,454	-	128,644	-	(381,810)
School Site Administration	3,692,557	-	626,088	-	(3,066,469)
Pupil Services:					
Home-to-School Transportation	1,287,697	-	-	-	(1,287,697)
Food Services	2,192,314	255,100	1,690,999	-	(246,215)
All Other Pupil Services	3,329,569	-	434,282	-	(2,895,287)
General Administration:					
Centralized Data Processing	1,094,220	-	-	-	(1,094,220)
All Other General Administration	2,608,077	13,462	323,022	-	(2,271,593)
Plant Services	5,891,418	2,219	704,167	-	(5,185,032)
Ancillary Services	1,044,223	-	12,217	-	(1,032,006)
Community Services	86,987	-	711	-	(86,276)
Interest on Long-Term Debt	602,701	-	-	-	(602,701)
Other Outgo - Transfers Between Agencies	597,719	-	-	-	(597,719)
Total Expenses	<u>\$ 56,814,213</u>	<u>\$ 270,781</u>	<u>\$ 8,707,607</u>	<u>\$ 69</u>	<u>\$ (47,835,756)</u>
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					4,373,557
Taxes Levied for Debt Service					2,477,135
Taxes Levied for Other Specific Purposes					217,094
Federal and State Aid Not Restricted to Specific Purposes					41,324,674
Interest and Investment Earnings					217,603
Miscellaneous					808,125
Total General Revenues					<u>\$ 49,418,188</u>
Change in Net Position					1,582,432
Net Position Beginning - As Restated (See Note R)					<u>32,230,286</u>
Net Position Ending					<u>\$ 33,812,718</u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	\$ 17,677,302	\$ 8,127,997	\$ 7,317,912	\$ 33,123,211
Cash in Revolving Fund	6,000	-	-	6,000
Accounts Receivable	1,341,235	22,460	630,473	1,994,168
Due from Other Funds	117,415	-	178,120	295,535
Stores Inventories	47,359	-	27,491	74,850
Total Assets	<u>19,189,311</u>	<u>8,150,457</u>	<u>8,153,996</u>	<u>35,493,764</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 1,165,385	\$ 2,400	\$ 72,399	\$ 1,240,184
Due to Other Funds	178,120	-	117,415	295,535
Unearned Revenue	1,188,296	-	-	1,188,296
Total Liabilities	<u>2,531,801</u>	<u>2,400</u>	<u>189,814</u>	<u>2,724,015</u>
Fund Balance:				
Nonspendable Fund Balances:				
Revolving Cash	6,000	-	-	6,000
Stores Inventories	47,359	-	27,491	74,850
Restricted Fund Balances	1,258,263	8,148,057	5,604,999	15,011,319
Assigned Fund Balances	3,264,931	-	2,331,692	5,596,623
Unassigned:				
Reserve for Economic Uncertainty	12,080,957	-	-	12,080,957
Total Fund Balance	<u>16,657,510</u>	<u>8,148,057</u>	<u>7,964,182</u>	<u>32,769,749</u>
Total Liabilities and Fund Balances	<u>\$ 19,189,311</u>	<u>\$ 8,150,457</u>	<u>\$ 8,153,996</u>	<u>\$ 35,493,764</u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

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

Total fund balances, governmental funds		\$ 32,769,745
<p>Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:</p>		
<p>Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets relating to governmental activities, at historical cost:	112,218,819	
Accumulated depreciation:	<u>(44,308,508)</u>	
Net		67,910,311
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was:</p>		
		(279,913)
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consisted of:</p>		
General obligation bonds	17,185,068	
Net pension liability	50,153,905	
Compensated absences	142,746	
Total OPEB liability	<u>9,779,686</u>	
Total		(77,261,405)
<p>Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.</p>		
Deferred outflows of resources relating to pensions		16,523,170
Deferred inflows of resources relating to pensions		(6,472,429)
<p>Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.</p>		
Deferred outflows of resources relating to OPEB		216,358
<p>Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:</p>		
		<u>406,881</u>
Total net position, governmental activities		\$ <u><u>33,812,718</u></u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 33,436,940	\$ -	\$ -	\$ 33,436,940
Education Protection Account Funds	6,368,735	-	-	6,368,735
Local Sources	4,341,017	-	-	4,341,017
Federal Revenue	2,571,529	-	1,677,499	4,249,028
Other State Revenue	4,533,964	-	984,101	5,518,065
Other Local Revenue	1,354,639	85,787	3,664,947	5,105,373
Total Revenues	<u>52,606,824</u>	<u>85,787</u>	<u>6,326,547</u>	<u>59,019,158</u>
Expenditures:				
Current:				
Instruction	28,025,369	-	457,882	28,483,251
Instruction - Related Services	5,533,374	-	487,430	6,020,804
Pupil Services	4,344,477	-	2,057,673	6,402,150
Ancillary Services	1,016,169	-	-	1,016,169
Community Services	84,948	-	-	84,948
General Administration	3,419,031	-	150,187	3,569,218
Plant Services	5,947,113	-	152,496	6,099,609
Other Outgo	597,719	-	-	597,719
Capital Outlay	2,809,570	2,341,485	928,632	6,079,687
Debt Service:				
Principal	-	-	1,940,000	1,940,000
Interest	-	-	641,135	641,135
Total Expenditures	<u>51,777,770</u>	<u>2,341,485</u>	<u>6,815,435</u>	<u>60,934,690</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>829,054</u>	<u>(2,255,698)</u>	<u>(488,888)</u>	<u>(1,915,532)</u>
Other Financing Sources (Uses):				
Transfers In	2,011,796	-	2,602,924	4,614,720
Transfers Out	(4,602,924)	-	(11,796)	(4,614,720)
Total Other Financing Sources (Uses)	<u>(2,591,128)</u>	<u>-</u>	<u>2,591,128</u>	<u>-</u>
Net Change in Fund Balance	(1,762,074)	(2,255,698)	2,102,240	(1,915,532)
Fund Balance, July 1	18,419,584	10,403,755	5,861,942	34,685,281
Fund Balance, June 30	<u>\$ 16,657,510</u>	<u>\$ 8,148,057</u>	<u>\$ 7,964,182</u>	<u>\$ 32,769,749</u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total change in fund balances, governmental funds \$ (1,915,532)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital Outlay: In governmental funds, the cost of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

	6,536,010	
Expenditures for capital outlay	(2,089,079)	
Depreciation expense		
Net		4,446,931

Debt service: In governmental funds, repayment of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long term debt were: 1,940,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the governmental-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 1

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was: (2,264,977)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (674,717)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding, for the period is: 38,433

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 12,293

Change in net position of governmental activities \$ 1,582,432

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2018

	Agency Fund
	Student Body Fund
ASSETS:	
Cash on Hand and in Banks	\$ 541,562
Total Assets	<u>541,562</u>
LIABILITIES:	
Due to Student Groups	\$ 541,562
Total Liabilities	<u>541,562</u>
NET POSITION:	
Total Net Position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

A. Summary of Significant Accounting Policies

Central Union High School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual". The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board form of government and provides educational services as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

Based on the criteria in GASB Statements 14, 39, and 61, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statements.

3. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

CENTRAL UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

The District reports the following major governmental funds:

General Fund. This 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.

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

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds. These funds are used to account for the acquisition and/or construction of all major governmental capital assets.

Debt Service Funds. These funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

4. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

5. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

6. Revenues and Expenses

a. Revenues - Exchange and Non-Exchange

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

b. Expenses/Expenditures

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

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

7. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all its cash in the Imperial County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Imperial County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

e. Unearned Revenue

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

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of Imperial bills and collects the taxes for the District.

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

CENTRAL UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

i. Minimum Fund Balance

The District has adopted a policy to maintain a minimum reserve of 16.7% of the annual general fund expenditures and other financing uses. The percentage is approximately an amount equivalent to two months of expenditures. If the reserve amount drops below 8.4%, a plan will be developed to recover the difference in two years. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

8. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

9. GASB 54 Fund Presentation

Consistent with fund reporting requirements established by GASB Statement No. 54, Fund 14 (Deferred Maintenance Fund), Fund 17 (Special Reserve Fund for Other Than Capital Outlay), and Fund 20 (Special Reserve Fund for Postemployment Benefits) are merged with the General Fund for purposes of presentation in the audit report.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

11. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

12. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

- Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for an asset or liability.

For the current fiscal year the District did not have any recurring or nonrecurring fair value measurements.

13. Change in Accounting Policies

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2018. Those newly implemented pronouncements are as follows:

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement replaces the requirements of GASB 45 and GASB 57. This statement establishes standards for recognizing and measuring OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. This statement also identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service for defined benefit OPEB.

The District provides a defined benefit OPEB plan that is administered through a trust and meets the criteria specified in GASB 75. As a result, the District has adjusted measurement of OPEB liability, OPEB expense, and related deferred outflows and inflows of resources in compliance with GASB 75. The change in accounting policies resulted in an adjustment to beginning net position in order to accurately reflect current period transactions. Additional note disclosures regarding OPEB liability, OPEB expense, and related deferred inflows and outflows of resources are located in Note O. Additional note disclosures regarding the adjustment to beginning net position resulting from this change in accounting policy are located in Note R.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

GASB 81 - Irrevocable Split-Interest Agreements

The primary objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement requires that a government receiving resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This statement also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. In addition, this statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The District does not receive resources pursuant to an irrevocable split-interest agreement, nor does the District have any beneficial interests in irrevocable split interest agreements as of June 30, 2018. The District has adopted the accounting policies in the event that the District obtains a beneficial interest in a future split-interest agreement. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 81.

GASB 85 - Omnibus 2017

The primary objective of this statement is to address practice issues that were identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The statement was issued as a clarifying measure to previously issued statements.

The implementation of this statement resulted in a change in how the District recognizes on-behalf payments for the special funding situation for CalSTRS pension. The results of implementing these accounting policies did not have a material effect on the financial statements and did not affect previous periods.

GASB 86 - Certain Debt Extinguishment Issues

The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial statements for debt that is defeased in substance.

The District does not have any in-substance defeasance of debt as of June 30, 2018. The District has adopted the accounting policies in the event that the District extinguishes debt through use of a legal extinguishment or through an in-substance defeasance in a future period. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 86.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

C. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Imperial County Treasury as part of the common investment pool (\$33,123,211 as of June 30, 2018). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$33,123,211. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

The Imperial County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$541,562 as of June 30, 2018) and in the revolving fund (6,000) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

3. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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

4. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only 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 ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

California Government Code requires that a financial institution secure deposits made by State or Local Governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having value of 105% of the secured deposits.

CENTRAL UNION HIGH SCHOOL DISTRICT
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As of June 30, 2018, the District's bank balances (including revolving cash) of \$297,562 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

D. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of the following:

	Major Governmental Funds		Nonmajor	
	General	Building	Governmental	Total
	Fund	Fund	Funds	
Federal Government:				
Special education	\$ 654,740	\$ -	\$ -	\$ 654,740
Other federal programs	298,002	-	87,902	385,904
State Government:				
Lottery	170,068	-	-	170,068
Special education	20,941	-	-	20,941
Other state programs	24,071	-	141,575	165,646
Local Sources:				
Interest	78,622	22,460	20,350	121,432
Cafeteria sales	-	-	335,127	335,127
Other local sources	94,791	-	45,519	140,310
Totals	\$ 1,341,235	\$ 22,460	\$ 630,473	\$ 1,994,168

There are no significant receivables which are not scheduled for collection within one year of year end.

E. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,163,554	\$ -	\$ -	\$ 8,163,554
Work in progress	6,327,254	5,811,910	3,288,081	8,851,083
Total capital assets not being depreciated	14,490,808	5,811,910	3,288,081	17,014,637
Capital assets being depreciated:				
Buildings	75,730,399	1,152,110	-	76,882,509
Site improvements	7,586,346	1,377,711	-	8,964,057
Equipment	7,875,256	1,482,360	-	9,357,616
Total capital assets being depreciated	91,192,001	4,012,181	-	95,204,182
Less accumulated depreciation for:				
Buildings	(31,355,052)	(1,419,676)	-	(32,774,728)
Site improvements	(5,995,144)	(164,784)	-	(6,159,928)
Equipment	(4,869,233)	(504,619)	-	(5,373,852)
Total accumulated depreciation	(42,219,429)	(2,089,079)	-	(44,308,508)
Total capital assets being depreciated, net	48,972,572	1,923,102	-	50,895,674
Governmental activities capital assets, net	\$ 63,463,380	\$ 7,735,012	\$ 3,288,081	\$ 67,910,311

Depreciation was charged to functions as follows:

Instruction	\$ 1,880,171
Pupil Services	125,345
General Administration	10,445
Plant Services	73,118
	\$ 2,089,079

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2018, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Nonmajor Govt. Funds	\$ 117,415	Reimburse expenses
Nonmajor Govt. Funds	General Fund	178,120	Program contributions
	Total	<u>\$ 295,535</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2018, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	General Fund	\$ 2,000,000	Transfer for designations
General Fund	Nonmajor Govt. Funds	2,602,924	Capital projects and program contributions
Nonmajor Govt. Funds	General Fund	11,796	Reimburse expenses
	Total	<u>\$ 4,614,720</u>	

G. Accounts Payable

Accounts payable at June 30, 2018 consisted of the following:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Building Fund		
Vendor payables	\$ 492,452	\$ 2,400	\$ 39,095	\$ 533,947
Payroll and related benefits	657,031	-	32,084	689,115
Pension related liabilities	15,902	-	1,220	17,122
Totals	<u>\$ 1,165,385</u>	<u>\$ 2,400</u>	<u>\$ 72,399</u>	<u>\$ 1,240,184</u>

H. Unearned Revenue

Unearned revenue at June 30, 2018, consisted of:

	General Fund
State Government:	
Career & Technical Education Grant	\$ 1,132,277
Other State Categorical Programs	39,549
Local Sources:	
Local Grants	<u>16,470</u>
Total Unearned Revenue	<u>\$ 1,188,296</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

I. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District did not enter into any short-term debt arrangements for the 2017-18 fiscal year.

J. Components of Ending Fund Balance

As of June 30, 2018 components of ending fund balance consisted of the following:

	Major Governmental Funds		Nonmajor Governmental Funds	Total
	General Fund	Building Fund		
Nonspendable Fund Balances				
Revolving Cash	\$ 6,000	\$ -	\$ -	\$ 6,000
Stores Inventory	47,359	-	27,491	74,850
Total Nonspendable	53,359	-	27,491	80,850
Restricted Fund Balances				
Educational Programs	1,202,254	-	-	1,202,254
Capital Projects	-	8,148,057	1,392,002	9,540,059
Debt Service	-	-	3,260,963	3,260,963
Adult Education Program	-	-	505,410	505,410
Child Nutrition Program	-	-	446,624	446,624
Other Restricted	56,009	-	-	56,009
Total Restricted	1,258,263	8,148,057	5,604,999	15,011,319
Assigned Fund Balances				
OPEB	2,648,778	-	-	2,648,778
Capital Projects	-	-	2,331,692	2,331,692
Deferred Maintenance	609,712	-	-	609,712
Educational Programs	6,441	-	-	6,441
Total Assigned	3,264,931	-	2,331,692	5,596,623
Unassigned Fund Balances				
For Economic Uncertainty	12,080,957	-	-	12,080,957
Total Fund Balance	\$ 16,657,510	\$ 8,148,057	\$ 7,964,182	\$ 32,769,749

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

K. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2018 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds					
Principal balance	\$ 18,130,000	\$ -	\$ 1,940,000	\$ 16,190,000	\$ 2,070,000
Bond premium	1,084,552	-	89,484	995,068	96,519
Total GO Bonds	<u>19,214,552</u>	<u>-</u>	<u>2,029,484</u>	<u>17,185,068</u>	<u>2,166,519</u>
Total OPEB liability	9,180,317	599,369	-	9,779,686	-
Net pension liability	43,168,333	6,985,572	-	50,153,905	-
Compensated absences *	155,039	-	12,293	142,746	142,746
Total governmental activities	<u>\$ 71,718,241</u>	<u>\$ 7,584,941</u>	<u>\$ 2,041,777</u>	<u>\$ 77,261,405</u>	<u>\$ 2,309,265</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

2. General Obligation Bonds

General obligation bonds at June 30, 2018 consisted of the following:

	Issue Date	Interest Rate	Maturity Date	Original Issue Amount
2011 Refunding Bonds	11/17/11	2.00-4.00%	08/01/24	\$ 9,165,000
2016 Refunding Bonds	11/17/16	2.00-4.00%	08/01/26	2,480,000
2016 Bonds	11/17/16	2.00-4.00%	08/01/46	12,000,000
Total GO Bonds				<u>\$ 23,645,000</u>

	Beginning Balance	Issued Current Year	Redeemed Current Year	Ending Balance
2011 Refunding Bonds	\$ 3,650,000	\$ -	\$ 1,220,000	\$ 2,430,000
2011 Bond Premium	131,996	-	44,120	87,876
2016 Refunding Bonds	2,480,000	-	420,000	2,060,000
2016 Refunding Premium	149,271	-	25,280	123,991
2016 Bonds	12,000,000	-	300,000	11,700,000
2016 Bond Premium	803,285	-	20,084	783,201
Total GO Bonds	<u>\$ 19,214,552</u>	<u>\$ -</u>	<u>\$ 2,029,484</u>	<u>\$ 17,185,068</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

The annual requirements to amortize bonds at June 30, 2018 were as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,070,000	\$ 579,625	\$ 2,649,625
2020	1,225,000	532,600	1,757,600
2021	600,000	502,550	1,102,550
2022	615,000	478,250	1,093,250
2023	280,000	461,200	741,200
2024-2028	980,000	2,191,200	3,171,200
2029-2033	1,495,000	1,988,900	3,483,900
2034-2038	2,240,000	1,695,956	3,935,956
2039-2043	3,160,000	1,259,900	4,419,900
2044-2048	3,525,000	388,105	3,913,105
Totals	<u>\$ 16,190,000</u>	<u>\$ 10,078,286</u>	<u>\$ 26,268,286</u>

Bond Premiums

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond. The premiums are amortized over the life of the bond using the effective interest rate method.

The following bonds were issued at a premium or resulting in effective interest as follows:

	<u>2011</u>	<u>2016</u>	<u>2016</u>
	<u>Bonds</u>	<u>Refunding</u>	<u>Bonds</u>
Total Interest	\$ 1,578,251	\$ 279,286	\$ 10,233,199
Less Bond Premium	(331,433)	(149,271)	(803,285)
Net Interest	<u>\$ 1,246,818</u>	<u>\$ 130,015</u>	<u>\$ 9,429,914</u>
Par Amount of Bonds	\$ 9,165,000	\$ 2,480,000	\$ 12,000,000
Periods	14	10	30
Effective Interest Rate	0.97%	0.52%	2.62%

3. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to \$142,746. This amount is included as part of long-term liabilities in the government-wide financial statements.

4. Net Pension Liability

The District's beginning net pension liability was \$43,168,333 and increased by \$6,985,572 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was \$50,153,905. See Note N for additional information regarding the net pension liability.

5. Total OPEB Liability

The District's beginning OPEB liability was \$9,180,317 and increased during the year ended June 30, 2018 by \$599,369. The ending total OPEB liability at June 30, 2018 was \$9,779,686. See Note O for additional information regarding the total OPEB liability.

CENTRAL UNION HIGH SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

L. Joint Ventures (Joint Powers Agreements)

The District participates in two joint powers agreements (JPA's) entities, the Imperial Valley Property and Liability (IVPL) and the Self Insurance Program of Imperial County (SIPIC). The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

The JPA's arrange for and provide workers' compensation, health, and property and liability insurance for its members. The JPA's are each governed by a board consisting of a representative from each member entity. The board controls the operations of the JPA, including selection of management and approval of operating budgets, independent of any influence by the member entities beyond their representation on the board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA's.

Complete financial information for IVPL was not available at the time this audit report was issued. It can be obtained by contacting the JPA at 1225 Main Street, El Centro, California 92244.

Complete financial information for SIPIC was not available at the time this audit report was issued. It can be obtained by contacting the JPA at 1398 Sperber Road, El Centro, California 92243.

M. Risk Management

The District is exposed to risk of losses due to:

- a. Torts,
- b. Theft of, damage to, or destruction of assets,
- c. Business interruption,
- d. Errors or omissions,
- e. Job related illnesses or injuries to employees,
- f. Natural disasters,
- g. Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention (self-insurance), risk transfer to and from an insurer, and risk transfer to a noninsurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

The District purchases insurance through joint powers authorities. The District is not obligated to cover any losses beyond the premiums paid for the insurance costs. As a result there has not been a liability recorded for incurred but not reported claims.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

N. Pension Plans

1. General Information About the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	50-62
Monthly Benefits as a % of Eligible Compensation	1.1-2.4%	1.0-2.4%*
Required Employee Contribution Rates (at June 30, 2018)	10.250%	9.205%
Required Employer Contribution Rates (at June 30, 2018)	14.430%	14.430%
Required State Contribution Rates (at June 30, 2018)	7.251%	7.251%

*Amounts are limited to 120% of Social Security Wage Base.

**The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1-2.5%	1.1-2.5%*
Required Employee Contribution Rates (at June 30, 2018)	7.000%	6.500%
Required Employer Contribution Rates (at June 30, 2018)	15.531%	15.531%

*Amounts are limited to 120% of Social Security Wage Base.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

c. Contributions

CalSTRS

For the measurement period ended June 30, 2017 (measurement date), Section 22950 of the California Education Code requires members to contribute monthly to the system 9.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 12.58% of creditable compensation for the measurement period ended June 30, 2017 and 14.43% for the fiscal year ended June 30, 2018. Rates are defined in Section 22950.5 through measurement period ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ending June 30, 2017 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid in 6.00%, and the employer contribution rate was 13.888% of covered payroll. For the fiscal year ending June 30, 2018, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 6.50%, and the employer's contribution rate was 15.531%.

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2017 (measurement date) the State contributed 7.251%% of salaries creditable to CalSTRS. In accordance with GASB 85 the District recorded these contributions as revenue and expense in the fund financial statements based on contributions made for the measurement period (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule. Contributions reported each fiscal year are based on the District's proportionate share of the States contribution for the measurement period.

Contributions made by the State on behalf of the District for the past three fiscal years are as follows:

Year Ended June 30,	Contribution Rate	Contribution Amount
2016	4.650%	\$ 934,953
2017	5.810%	1,234,449
2018	7.251%	1,586,704

CENTRAL UNION HIGH SCHOOL DISTRICT
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The State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	On Behalf Pension Expense
2016	\$ 1,785,840
2017	3,046,593
2018	964,189

d. Contributions Recognized

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), the contributions recognized for each plan were:

	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 2,671,943	\$ 971,621	\$ 3,643,564
Contributions - State On Behalf Payments	1,586,705	-	1,586,705
Total Contributions	<u>\$ 4,258,648</u>	<u>\$ 971,621</u>	<u>\$ 5,230,269</u>

2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018 the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	CalSTRS	CalPERS	Total
Proportionate Share of Net Pension Liability - Governmental	<u>\$ 37,150,240</u>	<u>\$ 13,003,665</u>	<u>\$ 50,153,905</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to measurement date June 30, 2017 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2017 and June 30, 2018 were as follows:

	District's Proportionate Share	CalSTRS State's Proportionate Share	Total For District Employees
Proportion June 30, 2017	0.0405%	0.0232%	0.0637%
Proportion June 30, 2018	0.0402%	0.0239%	0.0641%
Change in Proportion	<u>-0.0003%</u>	<u>0.0007%</u>	<u>0.0004%</u>
	<u>CalPERS</u>		
	District's Proportionate Share		
Proportion June 30, 2017	0.0528%		
Proportion June 30, 2018	0.0545%		
Change in Proportion	<u>0.0017%</u>		

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

a. Pension Expense

For the measurement period ended June 30, 2017 (fiscal year June 30, 2018), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 4,410,522	\$ 2,575,052	\$ 6,985,574
State On Behalf Pension Expense	964,189	-	964,189
Employer Contributions to Pension Expense	3,157,461	1,163,260	4,320,721
(Increase) Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(467,470)	(190,336)	(657,806)
Differences between actual and expected experiences	(128,226)	(75,645)	(203,871)
Changes in assumptions	(6,423,503)	(2,026,016)	(8,449,519)
Changes in proportionate share	333,791	(188,466)	145,325
Net difference between projected and actual earnings	2,706	726,494	729,200
Increase (Decrease) in Deferred Inflows of Resources			
Differences between actual and expected experiences	(3,963)	-	(3,963)
Changes in assumptions	-	(122,421)	(122,421)
Changes in proportionate share	(112,120)	(39,688)	(151,808)
Net difference between projected and actual earnings	3,516,087	478,179	3,994,266
Total Pension Expense	<u>\$ 5,249,474</u>	<u>\$ 2,300,413</u>	<u>\$ 7,549,887</u>

b. Deferred Outflows and Inflows of Resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 3,157,461	\$ 1,163,260	\$ 4,320,721
Differences between actual and expected experience	128,226	586,269	714,495
Changes in assumptions	6,423,503	2,026,016	8,449,519
Changes in employer's proportionate share	667,582	488,816	1,156,398
Net difference between projected and actual earnings	6,719	1,875,320	1,882,039
Total Deferred Outflows of Resources	<u>\$ 10,383,491</u>	<u>\$ 6,139,681</u>	<u>\$ 16,523,172</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (6,715)	\$ -	\$ (6,715)
Changes in assumptions	-	(244,841)	(244,841)
Changes in employer's proportionate share	(1,132,939)	(79,377)	(1,212,316)
Net difference between projected and actual earnings	(3,516,087)	(1,492,470)	(5,008,557)
Total Deferred Inflows of Resources	<u>\$ (4,655,741)</u>	<u>\$ (1,816,688)</u>	<u>\$ (6,472,429)</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2019. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Year Ended June 30,	Governmental Activities				Net Effect on Expenses
	Deferred Outflows of Resources		Deferred Inflows of Resources		
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2019	\$ 5,131,891	\$ 2,751,300	\$ (1,244,036)	\$ (915,586)	\$ 5,723,569
2020	1,974,429	1,588,038	(1,242,604)	(408,439)	1,911,424
2021	1,639,241	1,170,010	(1,240,293)	(246,331)	1,322,627
2022	1,637,930	630,333	(928,808)	(246,332)	1,093,123
Total	\$ 10,383,491	\$ 6,139,681	\$ (4,655,741)	\$ (1,816,688)	\$ 10,050,743

c. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.75%
Wage Growth	3.50%	3.00%
Projected Salary Increase	0.5% - 6.4% (1)	3.10% - 9.00% (1)
Investment Rate of Return	7.10% (2)	7.50% (2)
Mortality	0.073%-22.86% (3)	0.466%-32.536% (3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) RP2000 series tables adjusted to fit CalSTRS/CalPERS specific experience.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.1000% for CalSTRS and 7.1500% for CalPERS. The projection of cash flows used to determine the discount rate assumed the contributions from plan members, employers, and state contributing agencies will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan. The stress test results are presented in a detailed report that can be obtained from CalPERS and CalSTRS websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require board action and proper stakeholder outreach. For these reasons, CalSTRS and CalPERS expect to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through at least the 2017-18 fiscal year. CalSTRS and CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

In determining the long-term expected rate of return, CalSTRS and 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 long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

The tables below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS		
Asset Class	Assumed Allocation 06/30/2017	Long Term Expected Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Absolute Return	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

*20 year geometric average used for long term expected real rate of return

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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CalPERS			
Asset Class	Assumed Allocation 06/30/2017	Real Return Years 1-10(1)	Real Return Years 11+(2)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Assets	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%

(1) An expected inflation of 2.5% used for this period
 (2) An expected inflation of 3.0% used for this period

e. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 54,548,346	\$ 19,132,558
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 37,150,240	\$ 13,003,665
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 23,030,497	\$ 7,919,235

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

f. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2017 (Previously Reported)	\$ 171,810,511	\$ 120,341,940	\$ 51,468,571	\$ 18,728,851	\$ 32,739,720
Changes for the year:					
Change in proportionate share	1,056,289	739,861	316,428	565,362	(248,934)
Service cost	3,882,537	-	3,882,537	1,446,567	2,435,970
Interest	12,950,539	-	12,950,539	4,825,151	8,125,388
Differences between expected and actual experience	255,464	-	255,464	95,181	160,283
Change in assumptions	12,797,517	-	12,797,517	4,768,137	8,029,380
Contributions:					
Employer	-	2,671,955	(2,671,955)	(995,525)	(1,676,430)
Employee	-	2,203,060	(2,203,060)	(820,823)	(1,382,237)
State On Behalf	-	1,586,711	(1,586,711)	(591,182)	(995,529)
Net investment income	-	16,112,258	(16,112,258)	(6,003,154)	(10,109,104)
Other income	-	46,102	(46,102)	(17,177)	(28,925)
Benefit payments, including refunds of employee contributions	(8,901,243)	(8,901,243)	-	-	-
Administrative expenses	-	(116,762)	116,762	43,504	73,258
Borrowing costs	-	(37,108)	37,108	13,826	23,282
Other expenses	-	(6,563)	6,563	2,445	4,118
Net Changes	22,041,103	14,298,271	7,742,832	3,332,312	4,410,520
Balance at June 30, 2018	\$ 193,851,614	\$ 134,640,211	\$ 59,211,403	\$ 22,061,163	\$ 37,150,240

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a) - (b)
Balance at June 30, 2017 (Previously Reported)	\$ 39,952,304	\$ 29,523,690	\$ 10,428,614
Changes for the year:			
Adjustment for change in proportionate share	1,262,102	932,661	329,441
Service cost	1,106,804	-	1,106,804
Interest	3,115,651	-	3,115,651
Differences between expected and actual experience	289,710	-	289,710
Changes in assumptions	2,532,520	-	2,532,520
Contributions - Employer	-	971,619	(971,619)
Contributions - Employee	-	488,844	(488,844)
Net plan to plan resource movement	-	(74)	74
Net investment income	-	3,383,619	(3,383,619)
Benefit payments, including refunds of employee contributions	(2,028,996)	(2,028,996)	-
Administrative expenses	-	(44,933)	44,933
Net Changes	<u>6,277,791</u>	<u>3,702,740</u>	<u>2,575,051</u>
Balance at June 30, 2018	<u>\$ 46,230,095</u>	<u>\$ 33,226,430</u>	<u>\$ 13,003,665</u>

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

O. Postemployment Benefits Other Than Pension Benefits

1. General Information About the OPEB Plan

Plan Description

Plan administration. The Central Union High School District (District) administers a single-employer healthcare plan (Plan). The District maintains the same plan for its retirees as for its active employees with the general exception that benefits end when the retiree attains age 65.

Benefits provided. Certificated unit members may retire with District-paid benefits at age 55 with at least 15 years of service with the District. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, vision, and life premiums is limited to a monthly cap of \$907.98 per retiree for 2017-18.

Classified unit members hired prior to July 1, 2005 may retire with District-paid benefits at age 55 with at least 10 years of service with the District. Classified employees hired on or after July 1, 2005 but before July 1, 2008 may retire with District-paid benefits at age 55 with at least 15 years of service with the District. Classified employees hired on or after July 1, 2008 may retire with District-paid benefits at age 55 with at least 20 years of service. Benefits continue until the retiree reaches age 65. The District's contribution towards medical, dental, and vision premiums is limited to a monthly cap of \$ 805.00 per retiree for 2017-18.

Health benefits for Management retirees are subject to Board approval and have been assumed to follow the Certificated guidelines described above, except that Management retirees do not receive District-paid life insurance.

CENTRAL UNION HIGH SCHOOL DISTRICT
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Retired board members do not receive District contributions towards benefits. They are eligible to self-pay for these benefits upon completing a full term of service on the governing board.

Employees Covered by Benefit Terms

At June 30, 2018, the following retirees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	14
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	341
Total number of participants	<u>355</u>

2. Total OPEB Liability

The District's total OPEB liability of \$9,779,686 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per annum
Salary Increases	3.00% per annum, in aggregate
Discount Rate	3.13% per annum
Healthcare Cost Trend Rates	6.00% decreasing to 5.00%
Retiree's Share of Costs	0.00% of projected premiums

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 through June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 through June 30, 2015.

CENTRAL UNION HIGH SCHOOL DISTRICT
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 YEAR ENDED JUNE 30, 2018

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ <u>9,180,317</u>
Changes for the year:	
Service cost	608,261
Interest	282,814
Benefit payments	<u>(291,706)</u>
Net changes	<u>599,369</u>
Balance at June 30, 2018	\$ <u>9,779,686</u>

There were no changes in benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.13%) or 1-percentage-point-higher (4.13%) than the current discount rate:

	<u>1% Decrease</u> <u>(2.13%)</u>	<u>Discount Rate</u> <u>(3.13%)</u>	<u>1% Increase</u> <u>(4.13%)</u>
Total OPEB Liability	\$ 10,593,436	\$ 9,779,686	\$ 9,019,044

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (5.00% decreasing to 4.00% per year) or 1-percentage-point higher (7.00% decreasing to 6.00% per year) than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>5.00%</u> <u>decreasing to</u> <u>4.00%</u>	<u>Healthcare Cost Trend Rate</u> <u>6.00%</u> <u>decreasing to</u> <u>5.00%</u>	<u>1% Increase</u> <u>7.00%</u> <u>decreasing to</u> <u>6.00%</u>
Total OPEB Liability	\$ 8,723,253	\$ 9,779,686	\$ 11,005,859

CENTRAL UNION HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

3. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018 the District recognized OPEB expense of \$891,075. At June 30, 2018 the District reported deferred outflows of resources related to the following sources:

	Deferred Outflows of Resources
Contributions made subsequent to measurement date	\$ <u>216,358</u>

At June 30, 2018 the District did not report any deferred inflows of resources relating to OPEB.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense during the fiscal year ending June 30, 2019.

P. Deferred Outflows of Resources

In 2011 the District issued refunding bonds to repay the 1992 Election Series C General Obligation Bonds and the 2002 Refunding Bonds. The refunding resulted in a loss on refunding of \$341,877 which is recorded as a deferred outflow of resources and amortized over 13 years (the life of the refunding bonds).

In 2016 the District issued refunding bonds to repay the 1992 Election Series D General Obligation Bonds and the 2005 Refunding Bonds. The refunding resulted in a loss on refunding of \$247,548 which is recorded as a deferred outflow of resources and amortized over 10 years (the life of the refunding bonds).

GASB 68 and GASB 71 require that certain items be recorded as deferred outflows of resources and amortized over a five year period. These items are detailed in Note N.

In accordance with GASB Statement No. 75, payments made subsequent to the total OPEB liability measurement date, and other items are recorded as deferred outflows of resources.

A summary of the deferred outflows of resources as of June 30, 2018 is as follows:

Description	Amortization Term	Beginning Balance	Current Year Additions	Current Year Amortization	Ending Balance
2011 Loss on Refunding Bonds	13 Years	\$ 210,384	\$ -	\$ 26,299	\$ 184,085
2016 Loss on Refunding Bonds	10 Years	247,548	-	24,754	222,794
OPEB Related	Varies	291,706	216,358	291,706	216,358
Pension Related	Varies	8,086,501	15,662,054	7,225,383	16,523,172
Total Deferred Outflows of Resources		\$ <u>8,836,139</u>	\$ <u>15,878,412</u>	\$ <u>7,568,142</u>	\$ <u>17,146,409</u>

Future amortization of deferred outflows of resources is as follows

Year Ending June 30	2011 Ref. Loss	2016 Ref. Loss	OPEB Related	Pension Related	Total
2019	\$ 26,298	\$ 24,755	\$ 216,358	\$ 7,883,191	\$ 8,150,602
2020	26,298	24,755	-	3,562,467	3,613,520
2021	26,298	24,755	-	2,809,251	2,860,304
2022	26,298	24,755	-	2,268,263	2,319,316
2023	26,298	24,755	-	-	51,053
2024-2028	52,595	99,019	-	-	151,614
Totals	\$ <u>184,085</u>	\$ <u>222,794</u>	\$ <u>216,358</u>	\$ <u>16,523,172</u>	\$ <u>17,146,409</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

Q. Deferred Inflows of Resources

In accordance with GASB No. 68 & 71, payments received subsequent to the net pension liability measurement date are recorded as deferred inflows of resources.

A summary of activity of deferred inflows of resources for the year ended June 30, 2018 is as follows:

Description	Issue Date	Balance July 1, 2017	Current Additions	Current Year Amortization	Balance June 30, 2018
Pension Related	Varies	\$ 2,756,355	\$ 5,875,696	\$ 2,159,622	\$ 6,472,429
Totals		<u>\$ 2,756,355</u>	<u>\$ 5,875,696</u>	<u>\$ 2,159,622</u>	<u>\$ 6,472,429</u>

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related
2018	\$ 2,159,622
2019	1,651,043
2020	1,486,624
2021	1,175,140
Total	<u>\$ 6,472,429</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

R. Adjustment to Beginning Balance

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Implementation of GASB Statement No. 75 resulted in a change in calculations of total OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB. In addition, the District made corrections to the bond interest and redemption fund based on additional information received from the county treasurer.

A summary of adjustments to beginning balance are as follows:

	Government Wide Financial Statements
Beginning Net Position - Originally Stated	\$ 36,891,692
Adjustments for Accounting Policy Change:	
Total OPEB Liability	(4,527,211)
Deferred Outflows of Resources	291,706
Adjustments for Correction of an Error	
Bond Interest & Redemption Fund Restatement	(425,901)
Total Adjustments	<u>(4,661,406)</u>
Beginning Net Position - As Restated	\$ <u>32,230,286</u>
	Bond Interest & Redemption Fund
Beginning Fund Balance - Originally Stated	\$ 3,770,645
Adjustments for Correction of an Error	
Bond Interest & Redemption Fund Restatement	(425,901)
Total Adjustments	<u>(425,901)</u>
	\$ <u>3,344,744</u>

S. Commitments and Contingencies

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that 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.

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2018

Construction Commitments

As of June 30, 2018 the District has the following construction commitments:

<u>Project</u>	<u>Commitment</u>	<u>Expected Completion*</u>
Central Union High School STEM Building	\$ 22,000,000	June 2019

*Expected date of completion subject to change

T. Subsequent Events

Implementation of New Accounting Guidance

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019. Those newly implemented pronouncements are as follows:

GASB 83 - Certain Asset Retirement Obligations

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

The District does not currently have any AROs and does not expect that implementation of the pronouncement will have an impact on the financial statements.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CENTRAL UNION HIGH SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 33,970,972	\$ 33,615,638	\$ 33,436,940	\$ (178,698)
Education Protection Account Funds	5,718,711	5,674,098	6,368,735	694,637
Local Sources	3,544,446	4,124,897	4,341,017	216,120
Federal Revenue	2,679,017	2,843,853	2,571,529	(272,324)
Other State Revenue	5,277,889	6,056,964	4,533,964	(1,523,000)
Other Local Revenue	1,217,767	1,069,219	1,321,694	252,475
Total Revenues	<u>52,408,802</u>	<u>53,384,669</u>	<u>52,573,879</u>	<u>(810,790)</u>
Expenditures:				
Current:				
Certificated Salaries	22,281,012	21,942,696	22,777,160	(834,464)
Classified Salaries	6,956,594	7,586,536	7,522,537	63,999
Employee Benefits	10,898,111	11,080,996	10,488,923	592,073
Books And Supplies	3,581,489	3,956,508	3,112,888	843,620
Services And Other Operating Expenditures	4,117,503	4,824,884	4,166,105	658,779
Other Outgo	590,006	595,483	597,719	(2,236)
Direct Support/Indirect Costs	-	(105,000)	(106,401)	1,401
Capital Outlay	1,604,536	1,492,665	807,663	685,002
Total Expenditures	<u>50,029,251</u>	<u>51,374,768</u>	<u>49,366,594</u>	<u>2,008,174</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,379,551</u>	<u>2,009,901</u>	<u>3,207,285</u>	<u>1,197,384</u>
Other Financing Sources (Uses):				
Transfers In	-	-	11,796	11,796
Transfers Out	(4,500,000)	(4,605,304)	(4,602,924)	2,380
Total Other Financing Sources (Uses)	<u>(4,500,000)</u>	<u>(4,605,304)</u>	<u>(4,591,128)</u>	<u>14,176</u>
Net Change in Fund Balance	(2,120,449)	(2,595,403)	(1,383,843)	1,211,560
Fund Balance, July 1	14,776,422	14,776,422	14,776,422	-
Fund Balance, June 30	<u>\$ 12,655,973</u>	<u>\$ 12,181,019</u>	<u>\$ 13,392,579</u>	<u>\$ 1,211,560</u>

See Accompanying Notes to Required Supplementary Information.

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0402%	0.0405%	0.0428%	0.0398%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 37,150,240	\$ 32,739,719	\$ 28,808,217	\$ 23,251,826	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
State's proportionate share of the net pension liability (asset) associated with the District	22,061,124	19,087,964	15,215,204	15,602,633	N/A	N/A	N/A	N/A	N/A	N/A
Total share of net pension liability associated with the District	<u>\$ 59,211,364</u>	<u>\$ 51,827,683</u>	<u>\$ 44,023,421</u>	<u>\$ 38,854,459</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
District's covered-employee payroll	\$ 21,239,610	\$ 20,111,296	\$ 19,774,261	\$ 17,631,091	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 3,157,461	\$ 2,671,943	\$ 2,157,942	\$ 1,755,954	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(3,157,461)	(2,671,943)	(2,157,942)	(1,755,954)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 21,881,227	\$ 21,239,610	\$ 20,111,295	\$ 19,774,261	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset)	0.0545%	0.0528%	0.0503%	0.0520%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 13,003,665	\$ 10,428,614	\$ 7,407,769	\$ 5,903,710	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 6,996,119	\$ 6,394,260	\$ 5,588,784	\$ 5,467,960	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A	N/A

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See Accompanying Notes to Required Supplementary Information.

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,163,260	\$ 971,621	\$ 757,528	\$ 657,856	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the contractually required contribution	(1,163,260)	(971,621)	(757,528)	(657,856)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's covered-employee payroll	\$ 7,489,923	\$ 6,996,119	\$ 6,394,260	\$ 5,588,784	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides information for those years for which information is available.

See Accompanying Notes to Required Supplementary Information.

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE DISTRICT'S
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 CUHSD RETIREE HEALTHCARE PLAN
 LAST TEN FISCAL YEARS *

	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB liability:										
Service cost	\$ 608,261	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	282,814	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions or other inputs	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(291,706)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	599,369	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	9,180,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 9,779,686</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Covered-employee payroll	\$ 39,892,441	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Total OPEB liability as a percentage of covered-employee payroll	24.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2018

Budgetary Comparison Schedule - General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Fund Financial Statements Ending Fund Balance	\$	16,657,510
Less Fund 14 Balance		(609,713)
Less Fund 17 Balance		(6,440)
Less Fund 20 Fund Balance		(2,648,778)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	\$	<u>13,392,579</u>
General Fund - Fund Financial Statements Net Change in Fund Balance	\$	(1,762,074)
Change in Fund Balance attributed to Fund 14		899,258
Change in Fund Balance attributed to Fund 17		(59)
Change in Fund Balance attributed to Fund 20		(520,968)
General Fund - Budgetary Comparison Schedule Change in Fund Balance	\$	<u>(1,383,843)</u>

Excess of Expenditures Over Appropriations

As of June 30, 2018, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Certificated Salaries	\$ 834,464	The District underestimated the increase from bargaining agreement increases.
Other Outgo	2,236	The District underestimated the cost of tuition to the county office of education.

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

Schedule of District's Proportionate Share - California State Teachers' Retirement System

- 1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits
- 2) Changes in Assumptions: In 2015, 2016 & 2017 there were no changes in assumptions. In 2018 there was a change in discount rate from 7.60% to 7.10%.

Schedule of District's Contributions - California State Teachers' Retirement System

The total pension liability for California State Teachers Retirement System was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015 & 2016 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016 & 2017 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

<u>Reporting Period</u>	<u>June 30, 2018</u>
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/10 - 06/30/15
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.50%
Post-retirement Benefit Increases	2.00% Simple

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. 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 CalSTRS members. The 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. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on CalSTRS website.

Schedule of District's Proportionate Share - California Public Employees Retirement System

1) Benefit Changes: In 2015, 2016, 2017 & 2018 there were no changes to benefits

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%.

Schedule of District's Contributions - California Public Employees' Retirement System

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, & 2016 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016 & 2017 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, June 30, 2015, June 30, 2016 and June 30, 2017 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

<u>Reporting Period</u>	<u>June 30, 2018</u>
Measurement Date	06/30/17
Valuation Date	06/30/16
Experience Study	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth (Average)	3.00%
Post-retirement Benefit Increases	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the April 2014 experience study report (based on demographic data from 1997 to 2011) available on CalPERS website.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

- 1) Benefit Changes: In 2018 there were no changes to benefits.
- 2) Changes in Assumptions: In 2018 there were no changes in assumptions.
- 3) No assets are accumulated in a trust that meets the criteria in GASB Statement No 75 Paragraph 4.
- 4) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.13%

Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CENTRAL UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 316,236	\$ 3,252,507	\$ 3,749,169	\$ 7,317,912
Accounts Receivable	612,087	8,458	9,928	630,473
Due from Other Funds	178,120	-	-	178,120
Stores Inventories	27,491	-	-	27,491
Total Assets	<u>1,133,934</u>	<u>3,260,965</u>	<u>3,759,097</u>	<u>8,153,996</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 48,791	\$ -	\$ 23,608	\$ 72,399
Due to Other Funds	105,619	-	11,796	117,415
Total Liabilities	<u>154,410</u>	<u>-</u>	<u>35,404</u>	<u>189,814</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	27,491	-	-	27,491
Restricted Fund Balances	952,033	3,260,965	1,392,001	5,604,999
Assigned Fund Balances	-	-	2,331,692	2,331,692
Total Fund Balance	<u>979,524</u>	<u>3,260,965</u>	<u>3,723,693</u>	<u>7,964,182</u>
Total Liabilities and Fund Balances	<u>\$ 1,133,934</u>	<u>\$ 3,260,965</u>	<u>\$ 3,759,097</u>	<u>\$ 8,153,996</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Debt Service Fund Bond Interest & Redemption Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 1,677,499	\$ -	\$ -	\$ 1,677,499
Other State Revenue	963,880	20,221	-	984,101
Other Local Revenue	692,513	2,477,135	495,299	3,664,947
Total Revenues	<u>3,333,892</u>	<u>2,497,356</u>	<u>495,299</u>	<u>6,326,547</u>
Expenditures:				
Current:				
Instruction	457,882	-	-	457,882
Instruction - Related Services	487,430	-	-	487,430
Pupil Services	2,057,673	-	-	2,057,673
General Administration	106,401	-	43,786	150,187
Plant Services	114,662	-	37,834	152,496
Capital Outlay	797,615	-	131,017	928,632
Debt Service:				
Principal	-	1,940,000	-	1,940,000
Interest	-	641,135	-	641,135
Total Expenditures	<u>4,021,663</u>	<u>2,581,135</u>	<u>212,637</u>	<u>6,815,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(687,771)</u>	<u>(83,779)</u>	<u>282,662</u>	<u>(488,888)</u>
Other Financing Sources (Uses):				
Transfers In	602,924	-	2,000,000	2,602,924
Transfers Out	-	-	(11,796)	(11,796)
Total Other Financing Sources (Uses)	<u>602,924</u>	<u>-</u>	<u>1,988,204</u>	<u>2,591,128</u>
Net Change in Fund Balance	(84,847)	(83,779)	2,270,866	2,102,240
Fund Balance, July 1	1,064,371	3,344,744	1,452,827	5,861,942
Fund Balance, June 30	<u>\$ 979,524</u>	<u>\$ 3,260,965</u>	<u>\$ 3,723,693</u>	<u>\$ 7,964,182</u>

CENTRAL UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 232,997	\$ 83,239	\$ 316,236
Accounts Receivable	275,455	336,632	612,087
Due from Other Funds	18,120	160,000	178,120
Stores Inventories	-	27,491	27,491
Total Assets	<u>526,572</u>	<u>607,362</u>	<u>1,133,934</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 21,163	\$ 27,628	\$ 48,791
Due to Other Funds	-	105,619	105,619
Total Liabilities	<u>21,163</u>	<u>133,247</u>	<u>154,410</u>
Fund Balance:			
Nonspendable Fund Balances:			
Stores Inventories	-	27,491	27,491
Restricted Fund Balances	505,409	446,624	952,033
Total Fund Balance	<u>505,409</u>	<u>474,115</u>	<u>979,524</u>
Total Liabilities and Fund Balances	<u>\$ 526,572</u>	<u>\$ 607,362</u>	<u>\$ 1,133,934</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:			
Federal Revenue	\$ 186,896	\$ 1,490,603	\$ 1,677,499
Other State Revenue	848,777	115,103	963,880
Other Local Revenue	234,294	458,219	692,513
Total Revenues	<u>1,269,967</u>	<u>2,063,925</u>	<u>3,333,892</u>
Expenditures:			
Current:			
Instruction	457,882	-	457,882
Instruction - Related Services	487,430	-	487,430
Pupil Services	48,524	2,009,149	2,057,673
General Administration	-	106,401	106,401
Plant Services	97,127	17,535	114,662
Capital Outlay	774,525	23,090	797,615
Total Expenditures	<u>1,865,488</u>	<u>2,156,175</u>	<u>4,021,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(595,521)</u>	<u>(92,250)</u>	<u>(687,771)</u>
Other Financing Sources (Uses):			
Transfers In	442,924	160,000	602,924
Total Other Financing Sources (Uses)	<u>442,924</u>	<u>160,000</u>	<u>602,924</u>
Net Change in Fund Balance	(152,597)	67,750	(84,847)
Fund Balance, July 1	658,006	406,365	1,064,371
Fund Balance, June 30	<u>\$ 505,409</u>	<u>\$ 474,115</u>	<u>\$ 979,524</u>

CENTRAL UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 1,409,824	\$ 10,652	\$ 2,328,693	\$ 3,749,169
Accounts Receivable	3,554	29	6,345	9,928
Total Assets	<u>1,413,378</u>	<u>10,681</u>	<u>2,335,038</u>	<u>3,759,097</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 20,155	\$ -	\$ 3,453	\$ 23,608
Due to Other Funds	11,796	-	-	11,796
Total Liabilities	<u>31,951</u>	<u>-</u>	<u>3,453</u>	<u>35,404</u>
Fund Balance:				
Restricted Fund Balances	1,381,427	10,574	-	1,392,001
Assigned Fund Balances	-	107	2,331,585	2,331,692
Total Fund Balance	<u>1,381,427</u>	<u>10,681</u>	<u>2,331,585</u>	<u>3,723,693</u>
Total Liabilities and Fund Balances	<u>\$ 1,413,378</u>	<u>\$ 10,681</u>	<u>\$ 2,335,038</u>	<u>\$ 3,759,097</u>

CENTRAL UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay Projects	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:				
Other Local Revenue	\$ 476,147	\$ 98	\$ 19,054	\$ 495,299
Total Revenues	<u>476,147</u>	<u>98</u>	<u>19,054</u>	<u>495,299</u>
Expenditures:				
Current:				
General Administration	43,786	-	-	43,786
Plant Services	24,663	-	13,171	37,834
Capital Outlay	110,682	-	20,335	131,017
Total Expenditures	<u>179,131</u>	<u>-</u>	<u>33,506</u>	<u>212,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>297,016</u>	<u>98</u>	<u>(14,452)</u>	<u>282,662</u>
Other Financing Sources (Uses):				
Transfers In	-	-	2,000,000	2,000,000
Transfers Out	(11,796)	-	-	(11,796)
Total Other Financing Sources (Uses)	<u>(11,796)</u>	<u>-</u>	<u>2,000,000</u>	<u>1,988,204</u>
Net Change in Fund Balance	285,220	98	1,985,548	2,270,866
Fund Balance, July 1	1,096,207	10,583	346,037	1,452,827
Fund Balance, June 30	<u>\$ 1,381,427</u>	<u>\$ 10,681</u>	<u>\$ 2,331,585</u>	<u>\$ 3,723,693</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

CENTRAL UNION HIGH SCHOOL DISTRICT

LOCAL EDUCATION AGENCY
ORGANIZATION STRUCTURE
JUNE 30, 2018

The Central Union High School District was established in 1908, and is comprised of an area of El Centro, Heber, and Seeley in Imperial County. There were no changes in the boundaries of the district during the current year. The district is currently operating three high schools. The district also maintains a continuation high school and an adult education program.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Emma L. Jones	President	Four year term Expires November 30, 2018
Diahna Garcia-Ruiz	Clerk	Four year term Expires November 30, 2020
Jacinto Jimenez	Member	Four year term Expires November 30, 2020
Todd Evangelist	Member	Four year term Expires November 30, 2018
Ryan Childers	Member	Four year term Expires November 30, 2020

Administration

Renato Montano
Superintendent

Sheri Hart
Assistant Superintendent
Educational Services

Arnold Preciado
Assistant Superintendent
Business Services

Carol Moreno
Director of Human Resources

CENTRAL UNION HIGH SCHOOL DISTRICTSCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2018**TABLE D-1**

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Grades 9-12:				
Regular ADA	4,003.79	N/A	3,978.98	N/A
Extended Year Special Education	0.17	N/A	0.17	N/A
Grades 9-12 Totals	<u>4,003.96</u>	<u>N/A</u>	<u>3,979.15</u>	<u>N/A</u>
ADA Totals	<u>4,003.96</u>	<u>N/A</u>	<u>3,979.15</u>	<u>N/A</u>

N/A - There were no audit findings which resulted in necessary revisions to attendance.

Average daily attendance is a measurement of the number of pupils attending classes of the district or charter school. 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 and charter schools. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 YEAR ENDED JUNE 30, 2018

TABLE D-2

Grade Level	Ed. Code 46207 Minutes Requirement	2017-18 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Grade 9	64,800	69,184	180	-	Complied
Grade 10	64,800	69,184	180	-	Complied
Grade 11	64,800	69,184	180	-	Complied
Grade 12	64,800	69,184	180	-	Complied

School districts and charter schools must maintain their instructional minutes as defined in Education Code Section 46207. This schedule is required of all districts, including basic aid districts.

The District 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 instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207. The District neither met nor exceeded its target funding.

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 YEAR ENDED JUNE 30, 2018

TABLE D-3

General Fund	Budget 2019 (See Note 1)	2018	2017	2016
Revenues and other financial sources	\$ 57,777,122	\$ 52,585,675	\$ 51,021,604	\$ 49,104,544
Expenditures, other uses and transfers out	57,521,408	53,969,518	52,400,426	47,020,141
Change in fund balance (deficit)	255,714	(1,383,843)	(1,378,822)	2,084,403
Ending fund balance	\$ 13,648,293	\$ 13,392,579	\$ 14,776,422	\$ 16,155,244
Available reserves (See Note 2)	\$ 12,190,198	\$ 12,080,957	\$ 13,422,056	\$ 15,086,866
Available reserves as a percentage of total outgo (See Note 3)	21.2%	23.1%	26.4%	33.0%
Total long-term debt	\$ 15,018,549	\$ 17,185,068	\$ 19,214,512	\$ 7,912,952
Average daily attendance at P-2	4,004	4,004	3,929	3,916

This schedule discloses the district's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the district's ability to continue as a going concern for a reasonable period of time.

The fund balance of the general fund has decreased by \$2,762,665 (17.1%) over the past two years. The fiscal year 2018-19 budget projects an increase of \$255,714 (1.9%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has increased by \$9,272,116 over the past two years.

Average daily attendance has increased by 88 over the past two years.

Notes:

- 1 Budget 2019 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$1,563,838, \$1,592,092, and \$1,256,372 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2018, 2017, and 2016.
- 4 As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement #54, the District's Deferred Maintenance Fund (Fund 14), Special Reserve Fund for Other Than Capital Outlay (Fund 17), and Special Reserve Fund for Postemployment Benefits (Fund 20) were included with the General Fund. The above Schedule of Financial Trends and Analysis contains only the financial information of the General Fund.

CENTRAL UNION HIGH SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

TABLE D-4

	General Fund	Deferred Maintenance Fund	Special Reserve Fund For Other Than Capital Outlay Projects	Special Reserve Fund For Postemployment Benefits
June 30, 2018, annual financial and budget report fund balances	\$ <u>13,392,579</u>	\$ <u>609,713</u>	\$ <u>6,440</u>	\$ <u>2,648,778</u>
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
GASB #54 fund consolidation	<u>3,264,931</u>	<u>(609,713)</u>	<u>(6,440)</u>	<u>(2,648,778)</u>
June 30, 2018, audited financial statement fund balances	\$ <u><u>16,657,510</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

CENTRAL UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2018

TABLE D-5

No charter schools are chartered by Central Union High School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

CENTRAL UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

TABLE D-6

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13525	\$ -	\$ 274,465
National School Lunch Program	10.555	13396	-	1,200,155
National School Lunch Program Noncash Commodities	10.555	13396	-	14,047
Total Passed Through State Department of Education			-	1,488,667
Total U. S. Department of Agriculture			-	1,488,667
Total Child Nutrition Cluster			-	1,488,667
MEDICAID CLUSTER:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through State Department of Education:				
Medi-Cal	93.778	10013	-	124,985
Total U. S. Department of Health and Human Services			-	124,985
Total Medicaid Cluster			-	124,985
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
IDEA Basic Local Assistance	84.027	13379	-	559,128
IDEA Mental Health	84.027	14468	-	97,612
Total Passed Through State Department of Education			-	656,740
Total U. S. Department of Education			-	656,740
Total Special Education (IDEA) Cluster			-	656,740
OTHER PROGRAMS:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Adult Education	84.002	14508 & 13978	-	186,897
Title I	84.010	14329	-	835,760
Migrant Education	84.011	14838 & 10005	-	615,373
Carl D. Perkins Career & Technical Education	84.048	14894	-	113,005
Advanced Placement Testing	84.330	14831	-	1,200
Title III	84.365	15146 & 14346	-	107,900
Title II Supporting Effective Instruction	84.367	14341	-	121,809
Total Passed Through State Department of Education			-	1,981,944
Total U. S. Department of Education			-	1,981,944
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
Child Nutrition Equipment Assistance	10.579	14906	-	15,959
Total U. S. Department of Agriculture			-	15,959
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 4,268,295

The accompanying notes are an integral part of this schedule.

CENTRAL UNION HIGH SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Central Union High School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 Direct and Indirect Costs. The District used an indirect cost rate of 6.13% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Title I	84.010	5.62%
Title III	84.365	2.00%
Carl D. Perkins Career & Technical Education	84.048	5.00%
Title II Supporting Effective Education	84.367	6.05%
Child Nutrition Cluster	10.553, 10.555	4.25%

Schoolwide Program

The District operates "schoolwide programs" at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it's schoolwide program:

Program	CFDA #	Amount Expended
Title I	84.010	\$835,760

Other Independent Auditor's Reports



P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Central Union High School District
El Centro, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Union High School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Central Union High School District's basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 17, 2018



P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Central Union High School District
El Centro, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Central Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Central Union High School District's major federal programs for the year ended June 30, 2018. Central Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Central Union High School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Central Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Central Union High School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Central Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Central Union High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Central Union High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Central Union High School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California
December 17, 2018



P. Robert Wilkinson, CPA
Brian K. Hadley, CPA
Mark Bomediano, CPA

Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on State Compliance

Board of Trustees
Central Union High School District
El Centro, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's 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*, prescribed in Title 5, *California Code of Regulations*, Section 19810 that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2018.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide, *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below 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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	N/A
Independent Study	No
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	N/A
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction.....	N/A
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	N/A
Before School	N/A
General Requirements	N/A
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	N/A
CHARTER SCHOOLS:	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	N/A
Charter School Facility Grant Program	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Independent Study. The procedure was not required because the ADA was below the level which required testing.

Opinion on State Compliance

In our opinion, Central Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2018.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hubby King & Co., LLP

El Cajon, California
December 17, 2018

Findings and Recommendations Section

CENTRAL UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 84.011	Child Nutrition Cluster Migrant Education

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? Yes X No

Type of auditor's report issued on compliance for state programs: Unmodified

CENTRAL UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

None

CENTRAL UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
There were no findings reported in the prior year audit.		

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description under the heading "Procedures and Record Keeping" below with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, and interest on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined below), confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

Procedures and Record Keeping

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for 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 annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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 been rated by S&P as 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.

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.

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 DTC 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.

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 the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, 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 notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 the District or the 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, the Paying Agent, or the 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 the District or the 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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, Bonds will be printed and delivered to DTC.

THE PAYING AGENT, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, 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 NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Disclosure Certificate”) is executed and delivered by and between the Central Union High School District (the “District”) and agreed to and accepted by Capitol Public Finance Group, LLC, as dissemination agent (the “Dissemination Agent”), in connection with the issuance and delivery of its \$_____ General Obligation Bonds, Election of 2016, Series 2019 (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on March 12, 2019 (the “Resolution”). The District covenants 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 Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

“Disclosure Representative” shall mean the Superintendent of the District, Assistant Superintendent, Business and Support Services of the District or either of their designees, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has been filed with the Dissemination Agent a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“Participating Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean 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.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent upon written direction to, not later than nine months after the end of the District's fiscal year, commencing with the report for the fiscal year ending June 30, 2019, which date would be March 31, 2020, provide to the Participating Underwriter and the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The District's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The District will promptly notify the Repository and the Paying Agent and the Dissemination Agent of a change in the fiscal year dates. 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 it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the District shall provide the Annual Report to the Dissemination Agent (if the District is not the Dissemination Agent). If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent (if the District is not the Dissemination Agent) shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent, in a timely manner, shall send a notice to the Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided. The Dissemination Agent's duties under this clause (ii) shall exist only if the District provides the Annual Report to the Dissemination Agent for filing.

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

(a) The audited financial statements of the District for the most recent fiscal year of the District then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the District in a format similar to the financial statements, if available, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the District shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the District may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the District shall modify the basis upon which its financial statements are prepared, the District shall provide a notice of such modification to the Repository, including a reference to the specific

federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

- Average daily attendance of the District for the last completed fiscal year;
- The District's approved annual budget for the then-current fiscal year;
- Assessed value of taxable property in the District as shown on the most recent equalized assessment role;
- If the County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year; and
- Top twenty property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

SECTION 5. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Tender offers.
3. Defeasances.
4. Rating changes.
5. 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).
6. Unscheduled draws on the debt service reserves reflecting financial difficulties.
7. Unscheduled draws on credit enhancements reflecting financial difficulties.
8. Substitution of credit or liquidity providers, or their failure to perform.
9. Bankruptcy, insolvency, receivership or similar event of the obligated person. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

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

1. Non-payment related defaults.

2. Modifications to rights of security holders.

3. Bond calls.

4. Unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

5. Release, substitution or sale of property securing repayment of the securities.

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

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of a trustee or paying agent.

8. Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(c) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The obligations of the District 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.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Initially, Capitol Public Finance Group, LLC shall be the Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent. The Dissemination Agent may

resign by providing thirty days written notice to the District. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the District. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing.

SECTION 8. Amendment. (a) This Disclosure Certificate may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the District an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the same effect as set forth in clause (2) above, (4) the District shall have delivered to the Dissemination Agent an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the District shall have delivered copies of such opinion and amendment to each Repository.

(b) This Disclosure Certificate may be amended, by written agreement of the parties, upon obtaining consent of Owners of at least 25% of the outstanding Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that neither the Paying Agent or the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report 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. Such comparison shall include a quantitative and, to the extent reasonably feasible, 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.

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

The District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the District, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the District under such laws.

SECTION 10. Default. In the event the District fails to comply with any provision in this Disclosure Certificate, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal of the Bonds then outstanding or the Underwriter) take all action necessary to cause the District to comply with this Disclosure Certificate. In the event of a failure of the Dissemination Agent to comply with any provision of this Disclosure Certificate, any Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent (if other than the District) 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 and 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 Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to them hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders, or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent hereunder, seeking any remedy other than to compel specific performance of this Disclosure Certificate. The Dissemination Agent shall not be liable under any circumstances for monetary damages to any person for any breach under this Disclosure Certificate.

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

Dated: _____, 2019

CENTRAL UNION HIGH SCHOOL DISTRICT

By: _____
Superintendent

Agreed to and accepted by:

CAPITOL PUBLIC FINANCE GROUP, LLC

By: _____

EXHIBIT A
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Central Union High School District

Name of Bond Issue: \$_____ Central Union High School District General Obligation Bonds,
Election of 2016, Series 2019

Date of Issuance: _____, 2019

NOTICE IS HEREBY GIVEN that the Central Union High School District (the "School District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate dated _____, 2019. The School District anticipates that the Annual Report will be filed by _____.

Dated: _____

CENTRAL UNION HIGH SCHOOL DISTRICT
Dissemination Agent

By: _____
Authorized Signatory

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APPENDIX E

ECONOMY OF THE DISTRICT

The District encompasses territory in the City of El Centro (the "City"), a small portion of the City of Imperial and adjacent unincorporated areas of the County. The District has included information on the City because the economic growth in the City is reflective of economic growth in the District. The following economic data for the City and the County are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County.

Population

The County's population in January 2018 was 189,468 persons. El Centro is the largest city in the County, with a population of 46,315 in January 2018.

The following table shows the population of the County and the City from 2010 to 2018.

POPULATION CITY OF EL CENTRO AND COUNTY OF IMPERIAL 2010 to 2018

<u>Year</u>	<u>City of El Centro</u>		<u>County of Imperial</u>	
	<u>Population</u>	<u>Annual % Change</u>	<u>Population</u>	<u>Annual % Change</u>
2010	42,598	-	175,195	1.46%
2011	43,130	1.25%	177,747	0.89%
2012	43,645	1.19%	179,331	0.59%
2013	44,215	1.31%	180,397	1.44%
2014	44,494	0.63%	182,987	1.13%
2015	44,941	1.63%	185,048	0.78%
2016	45,221	0.42%	186,492	0.78%
2017	45,413	2.00%	187,943	0.81%
2018 ⁽¹⁾	46,315	1.99%	189,468	0.81%

⁽¹⁾ As of January 1, 2018.

Source: California State Department of Finance, Demographic Research Unit, as of January 1.

Industry

The following table summarizes wage and salary employment in the County from 2013 to 2017. Agriculture and government are the largest employment sectors in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES

El Centro Metropolitan Division- Calendar Years 2013 through 2017

Industry	Employment				
	2013	2014	2015	2016	2017
Civilian Labor Force	78,300	78,400	78,200	77,000	74,100
Civilian Employment	58,700	59,600	59,400	58,800	59,900
Civilian Unemployment	19,600	18,800	18,800	18,200	14,200
Civilian Unemployment Rate	25.0%	24.0%	24.1%	23.6%	19.2%
Total, All Industries	61,900	63,900	64,600	63,600	64,900
Total Farm	10,900	12,200	13,100	11,400	11,700
Total Nonfarm	50,900	51,700	51,500	52,200	53,200
Total Private	33,200	33,800	33,600	33,900	34,700
Goods Producing	4,500	4,100	3,700	3,200	3,200
Mining, Logging, and Construction	2,000	2,300	2,600	1,800	1,800
Manufacturing	2,500	1,700	1,200	1,400	1,400
Durable Goods	500	600	500	500	500
Nondurable Goods	2,000	1,200	700	900	900
Service Providing	46,400	47,600	47,800	49,000	50,000
Private Service Providing	28,700	29,700	29,900	30,700	31,500
Trade, Transportation & Utilities	11,200	11,900	12,100	12,300	12,500
Wholesale Trade	1,800	1,800	1,800	1,900	2,000
Retail Trade	7,500	8,100	8,200	8,000	8,000
Transportation, Warehousing & Utilities	2,000	2,100	2,100	2,400	2,500
Information	300	300	300	300	300
Financial Activities	1,500	1,500	1,500	1,400	1,300
Professional & Business Services	2,600	2,600	2,300	2,400	2,600
Educational & Health Services	8,300	8,600	8,800	9,200	9,500
Leisure & Hospitality	3,900	4,000	4,200	4,400	4,300
Other Services	800	800	800	900	1,000
Government	17,700	17,900	17,900	18,200	18,500
Federal Government	2,400	2,300	2,200	2,100	2,100
State & Local Government	15,300	15,600	15,700	16,100	16,400
State Government	2,700	2,600	2,600	2,700	2,700
Local Government	12,700	13,000	13,100	13,400	13,700
Local Government					
Excluding Education	6,900	7,000	6,900	7,100	7,200
Special Districts plus Indian Tribes	2,900	2,900	2,900	3,000	3,000
Total Industries⁽¹⁾	282,100	287,900	288,000	290,800	296,500

⁽¹⁾ Totals may not add due to rounding.

Source: California Employment Development Department.

The following table summarizes civilian labor force, employment, and unemployment in the County from 2007 to August 2017.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
COUNTY OF IMPERIAL
ANNUAL AVERAGES
2007-2017⁽⁴⁾**

Year	<u>Civilian Labor Force</u>	<u>Employed Labor Force</u>⁽¹⁾	<u>Unemployed Labor Force</u>⁽²⁾	<u>Unemployment Rate</u>⁽³⁾
2007	66,000	54,100	11,900	18.1%
2008	72,400	56,100	16,300	22.6%
2009	75,600	54,900	20,700	27.4%
2010	78,700	56,000	22,700	28.8%
2011	79,500	56,500	22,900	28.9%
2012	79,300	57,600	21,700	27.4%
2013	78,300	58,700	19,600	25.0%
2014	78,400	59,600	18,800	24.0%
2015	78,200	59,400	18,800	24.1%
2016	77,200	58,800	18,200	23.6%
2017 ⁽⁴⁾	74,100	59,500	14,200	19.2%

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

⁽⁴⁾ As of August 2017.

Source: California Employment Development Department.

Major Employers

Major employers in the County as of January 2019 are as follows:

MAJOR EMPLOYERS COUNTY OF IMPERIAL As of January 2019

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
8A Packing LLC	El Centro	Labor Organizations
Academic Services	Imperial	University-College Dept/Facility/Office
Allstar Seed Co	El Centro	Seeds & Bulbs-Wholesale
Calipatria State Prison	Calipatria	Government Offices-State
Central Union High School	El Centro	Schools
Costco Wholesale	El Centro	Wholesale Clubs
El Centro Naval Air Facility	El Centro	Federal Government-National Security
El Centro Regional Medical Ctr	El Centro	Hospitals
Imperial County Behavioral	El Centro	Mental Health Services
Imperial County Coroner	El Centro	Government Offices-County
Imperial County Ofc-Edu Fndtn	El Centro	Educational Associations
Imperial County Sheriff	El Centro	Government Offices-County
Imperial Date Gardens	Winterhaven	Nurserymen
Imperial Irrigation District	El Centro	Distribution Services
Jjall LLC	Calexico	Labor Contractors
Kenworth Mexicana	Not Available	Truck-Manufacturers
Paradise Casino	Winterhaven	Casinos
Pioneers Memorial Healthcare	Brawley	Health Care Management
Spreckels Sugar Co Inc	Brawley	Sugar Refiners (mfrs)
Target	El Centro	Department Stores
United States Gypsum Co	Imperial	Gypsum & Gypsum Products (mfrs)
Vulcan-Bn Geothermal Power	Calipatria	Power Plants
Walmart Supercenter (Brawley)	Brawley	Department Stores
Walmart Supercenter (Calexico)	El Centro	Department Stores
Walmart Supercenter (El Centro)	Calexico	Department Stores

Source: California Employment Development Department.

Principal employers in the City are as follows:

**PRINCIPAL EMPLOYERS
CITY OF EL CENTRO
As of June 30, 2018**

<u>Employer Name</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percent of Total Employment</u>	<u>Rank</u>
County of Imperial ⁽¹⁾	Governmental	2,114	3.31%	1
El Centro School System ⁽¹⁾	Education	1,369	2.15	2
Imperial Irrigation District	Water and Power	1,310	2.05	3
Centinela State Prison	Prison	1,070	1.68	4
Calipatria State Prison	Prison	1,064	1.67	5
Homeland Security/U.S. Border Patrol ⁽¹⁾	Government	989	1.55	6
El Centro Regional Medical Center ⁽¹⁾	Hospital	961	1.51	7
Naval Air Facility	Military	592	0.93	8
Imperial Valley College	Education	340	0.53	9
Costco ⁽¹⁾	Retail	250	0.39	10
WalMart ⁽¹⁾	Retail	239	0.37	11
United States Gypsum CO	Manufacturing	230	0.36	12
Cal Energy Operating Co./Ormal	Power	215	0.34	13
J.C. Penney ⁽¹⁾	Retail	148	0.23	14
		<u>10,891</u>	<u>17.07%</u>	

⁽¹⁾ Employers within or near the geographical boundaries of the City of El Centro
Source: City of El Centro Economic Development Department;
City of El Centro Comprehensive Annual Financial Report for the year ended June 30, 2018

Income

The following tables summarize personal income and per capita personal income for the El Centro Metropolitan Statistical Area (“MSA”) for 2007 to 2017.

**PERSONAL INCOME
EL CENTRO MSA
2007-2017
(in thousands)⁽¹⁾**

<u>Year</u>	<u>Imperial County</u>	<u>Annual Percent Change</u>
2007	\$4,220,056	-
2008	4,624,400	9.6%
2009	4,667,494	0.9
2010	4,858,656	4.1
2011	5,314,760	9.4
2012	5,425,321	2.1
2013	5,591,488	3.1
2014	5,802,217	3.8
2015	6,346,537	9.4
2016	6,355,736	0.2
2017	6,619,469	4.2

⁽¹⁾ Last Updated November 15, 2018
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**PER CAPITA PERSONAL INCOME
EL CENTRO MSA
2007-2017⁽¹⁾**

<u>Year</u>	<u>Imperial County</u>	<u>California</u>	<u>United States</u>
2007	\$25,639	\$43,692	\$39,821
2008	27,540	42,224	41,082
2009	27,135	43,315	39,376
2010	27,799	45,820	40,277
2011	30,146	45,820	42,453
2012	30,575	48,312	44,267
2013	31,498	48,471	44,462
2014	32,398	50,988	46,414
2015	35,290	55,679	48,940
2016	35,118	57,497	49,831
2017	36,208	59,796	51,640

⁽¹⁾ Last Updated: November 15, 2018

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Retail Sales

Taxable sales in the City and the County are shown below. The largest taxable sales sectors in the County are service stations, other retail stores, and auto dealers and auto supplies.

**TAXABLE SALES
CITY OF EL CENTRO
2012-2016
(dollars in thousands)**

<u>Year</u>	<u>Number of Outlets (July 1)</u>	<u>Total Taxable Sales</u>
2012	949	\$934,675
2013	951	980,923
2014	953	989,237
2015	1,001	962,197
2016 ⁽¹⁾	1,024	963,356

⁽¹⁾ Last year data is available.

Source: California Board of Equalization.

**TAXABLE SALES
COUNTY OF IMPERIAL
2012-2016
(dollars in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> ⁽¹⁾
Motor Vehicle and Parts Dealers	\$ 214,504	\$ 228,222	\$ 237,130	\$ 257,428	\$ 281,944
General Merchandise	400,926	416,177	414,533	378,652	354,158
Food and Beverage Stores	64,399	65,208	71,107	74,613	71,407
Food Service and Drinking Places	162,653	170,917	182,661	192,848	199,643
Home Furnishings and Appliance Stores ⁽²⁾	52,062	53,358	51,976	62,373	67,497
Bldg. Material & Garden Equip. Supplies	115,631	111,387	105,729	130,258	124,721
Gasoline Stations	228,925	241,119	250,206	214,690	198,204
Clothing and Clothing Acc. Stores	160,795	184,615	204,063	199,862	198,937
Other Retail Group ⁽³⁾	<u>58,074</u>	<u>65,363</u>	<u>73,997</u>	<u>101,695</u>	<u>103,976</u>
 Total Retail and Food Stores	 \$1,482,810	 \$ 1,561,647	 \$ 1,615,754	 \$1,612,423	 \$1,600,491
 All Other Outlets	 \$ 873,503	 \$ 2,099,934	 \$ 1,277,507	 \$1,040,482	 \$ 858,492
 Total All Outlets	 \$2,356,313	 \$3,661,582	 \$2,893,261	 \$2,652,906	 \$2,458,983

⁽¹⁾ Last year data is available.

⁽²⁾ 2015 and 2016 include Electronic and Home Furnishings.

⁽³⁾ Includes Health and Personal Care Stores, Nonstore Retailers and Miscellaneous Store Retailers in 2015 and 2016.

Source: California Board of Equalization.

Building Permits and Valuations

The number and valuation of building permits issued with the City between 2009-2018 are shown below.

**BUILDING PERMITS AND VALUATIONS
CITY OF EL CENTRO
2009-2018
(dollars in thousands)**

Fiscal Year	<u>Commercial and Office</u>			<u>Residential</u>		<u>Other Additions/Alterations</u>		
	Total Permits	Total Valuation	Number Permits	Valuation	Number Permits	Valuation	Number Permits	Valuation
2009	519	\$19,422,765	157	\$11,195,149	131	\$5,879,269	231	\$2,348,347
2010	517	18,162,590	201	14,655,090	103	2,081,888	213	1,425,612
2011	463	54,155,698	170	50,808,067	179	2,532,493	114	815,138
2012	431	25,073,302	203	17,378,318	161	7,149,231	67	545,753
2013	454	17,784,542	164	13,470,009	172	3,567,531	118	747,002
2014	418	27,830,621	108	17,790,385	262	9,470,642	48	569,594
2015	302	19,001,684	91	7,458,694	155	10,850,647	56	692,343
2016	319	16,193,748	92	11,289,701	159	4,226,721	68	677,326
2017	297	20,991,360	75	17,552,549	157	2,886,800	65	552,011
2018	296	41,116,606	94	35,295,544	132	5,033,322	70	787,740

Source: City of El Centro, Building Department

Transportation

Imperial County is located in the Imperial Valley of Southern California. The County is at the junction of Interstate 8 and State Highways 7, 78 and 86 connecting to the Arizona Sun Corridor and San Diego-Tijuana metropolitan area. State Highway 111 connects to the Mexicali Valley and the Coachella Valley, Inland Empire and Los Angeles metropolitan area via State Route 86.

Imperial County is served by Greyhound Lines and Imperial Valley Transit buses.

Imperial County Airport, located north of El Centro, the county's mail airport, is primarily a general aviation facility with limited commercial flights to Los Angeles and select Hawaiian cities by Mokulele Airlines.

The Amtrak Sunset Limited route travels through Imperial County, but with no scheduled stops; the nearest stop is in Yuma, Arizona.

APPENDIX F
IMPERIAL COUNTY
ANNUAL INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND
AND PORTFOLIO SUMMARY

The following is the County's Annual Investment Policy for the Pooled Investment Fund approved by the Imperial County Board of Supervisors on August 14, 2018 and Portfolio Summary as of February 28, 2019. Neither the District nor the Underwriter can make any representations regarding the accuracy and completeness of the information. All questions related to the investment practices of the County Treasurer/Tax Collector should be directed to the County Treasurer/Tax Collector at 940 Main Street, Suite 105, El Centro, California 92243 (442) 265-1235.

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IMPERIAL COUNTY
ANNUAL INVESTMENT POLICY
FOR THE
POOLED INVESTMENT FUND



TREASURER-TAX COLLECTOR

*Approved: Imperial County Board of Supervisors
On August 14, 2018*

Imperial County Investment Policy

Authority

In accordance with the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer-Tax Collector is responsible for investing all the funds in the County Treasury.

Policy Statement

The Treasurer-Tax Collector shall establish investment policy procedures for the operation of the investment program and a system of controls to regulate the activities of the subordinate officials. Each transaction and the entire portfolio must comply with the California Government Code section 53635 et seq., and this policy.

Scope

This investment policy applies to all financial assets of the County of Imperial as accounted for in the comprehensive annual financial report and shall apply to all other funds under the County Treasurer-Tax Collector's span of control unless specifically exempted by resolution.

Outside local agencies, where the County Treasurer-Tax Collector does not serve as the agency's Treasurer-Tax Collector, may invest in the Pooled Investment Fund through California Government Code section 53684 et seq. Deposits are subject to the consent of the County Treasurer-Tax Collector. The local agency legislative body must approve the Imperial County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. This agreement should spell out the exact rules for participating in the pool and provide the County Treasurer-Tax Collector with reasonable predefined discretion to establish the frequency and amount of voluntary funds that can be removed from the pool at a particular time.

The County Treasurer-Tax Collector may honor all requests to withdraw funds for normal cash flow purposes. Any requests to withdraw funds for purposes other than cash flow such as for external investing shall be subject to the consent of the Treasurer-Tax Collector. In accordance with California Government Code section 27136 et seq., and 27133(h) et seq., such requests for withdrawals must first be made in writing to the County Treasurer-Tax Collector. These requests are subject to the County Treasurer-Tax Collector consideration of the stability and predictability of the Pooled Investment Fund, or the adverse affect on the interests of the other depositors in the Pooled Investment Fund. Any withdrawal for such purposes shall be at the market value of the Pooled Investment Fund as of the date of the withdrawal.

Standards

The County Treasurer-Tax Collector is the trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The County Treasurer-Tax Collector and employees involved in the investment process shall refrain from all personal business activity that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with the California State law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Treasurer-Tax Collector shall act with the care, skill, prudence and diligence in order to meet the investment objectives.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.

Objectives

Investment Objectives: The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are listed in order of importance.

Safety of Principal: The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they are from securities default or erosion of market value.

Liquidity: As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the County Treasurer-Tax Collector to meet all operating requirements that may be reasonably anticipated in any depositor’s fund.

Public Trust: In managing the Pooled Investment fund, the County Treasurer-Tax Collector and the authorized investment traders should try and avoid any transactions that might impair public confidence in the Imperial County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

Return on Investments: The Pooled Investment Fund shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the County’s investment risk constraints and the cash flow characteristics of the portfolio.

Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Auditor/Controller will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

Internal Controls

The County Treasurer-Tax Collector shall establish internal controls to provide reasonable assurance the investment objectives are met and to ensure that the assets are protected from loss, theft or misuse. To assist in implementation and internal controls, the Treasurer-Tax Collector shall establish written policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transaction. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the County Treasurer-Tax Collector.

Authorized Personnel: The following is a list of delegated staff responsible for investment transactions, County Treasurer-Tax Collector, Assistant Treasurer Tax-Collector, Accounting Supervisor and the Accounting Technician's. Authorized personnel may be changed from time to time at the discretion of the County Treasurer-Tax Collector.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Auditor/Controller's office on a monthly basis.

An independent audit shall be conducted annually to review internal control, account activity and compliance with policies, procedures and applicable laws.

The County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector, should, from time to time perform a review of the investment function. This review should consist of:

- Comparison of the investment records to the independent statements and confirmations received from brokers, dealers, banks and other financial institutions.
- Review of the contents of the investment portfolio to assure that it conforms to this policy.
- Review of the financial institution with which investments have been made to assure that the County Treasurer-Tax Collector or authorized staff has approved them.
- Confirmations resulting from securities purchased under a repurchase agreement should clearly state the exact and complete nomenclature of the underlying securities purchased and that said securities have been sold to the County with a promise of resale by the County back to the seller.

The County Treasurer-Tax Collector shall establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for County investments. Where possible, County investments should be placed, confirmed, held and accounted for, and audited by different people.

Ethics and Conflicts of Interest

In accordance with California Government Code section 27133(d) et seq., officers and employees involved in the investment process shall refrain from personal business activity that could cause conflict with the investment program, or which could impair their ability to make impartial investment decisions.

Any individual who receives a aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker-dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms. No individual may receive aggregate gifts, honoraria gratuities in excess of \$460 in a calendar year. Any violation must be reported to the State Fair Political Practices Commission.

Investment Parameters

Safekeeping and Custody: All securities purchased, with the exception of time deposits, LAIF and bank short term Investment Funds (bank's overnight investment fund), can be delivered to the independent third-party custodian selected by the County Treasurer-Tax Collector. This includes all collateral for repurchase agreement. All trades, where applicable, will be executed by delivery versus payment by the designated party.

Qualified Broker/Dealers: All financial institutions, whether investment banks and dealers, commercial banks, or savings and loans must be approved by the County Treasurer-Tax Collector or authorized staff before they receive County funds. All firms with whom the County does business should have a strong capital base and be deemed credit-worthy before any investments or deposits are placed with such firms. In accordance with California Government Code section

27133(c) et seq., the County Treasurer-Tax Collector or authorized staff will prescribe minimum standards.

The County Treasurer shall not select brokers and dealers who individually, or as a firm, have contributed more than \$250 or the current limit established under Municipal Securities Regulatory Board (MSRB) Rule G-37.

The Treasurer-Tax Collector's staff shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the County. Receipt of this policy shall be considered confirmation that the broker/dealer understands the County's investments authorized by this investment policy.

The Treasurer-Tax Collector will maintain a list of financial institutions authorized to provide investment services. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer-Tax Collector.

Collateral Requirements: Collateral is required for investments in certificates of deposit (over the standard maximum deposit insurance amount "SMDIA" in FDIC regulations), repurchase agreements and reverse repurchase agreements. In order to reduce market risk, the collateral level will be a least 102% of market value or principal and accrued interest.

The only securities acceptable as collateral shall be direct obligations of, or fully guaranteed as to principal and interest by, the United States or any agency of the United States.

Diversification: The County Treasurer-Tax Collector will diversify its investments by security type and institution. With the exception of U.S. Treasury, U.S. Agency securities and authorized pools, no more than 50% of the County's total investment portfolio should be invested in a single security type.

Investable Fund: Total investable funds for purposes of this policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Bond proceeds may be invested in accordance with the Government Code provisions, or they may be invested in alternative vehicles if authorized by Bond documents.

Compliance: The portfolio must be in compliance with statute at the time that the investment is purchased. It is recommended that the portfolio be monitored, as practical, for subsequent changes in percentages resulting from non-purchase activity or changes in credit rating of existing securities.

Rebalancing is not required in the case where subsequent maturities, sales, withdrawals, or similar non-purchase activities result in the remaining portfolio having one or more of the categories of investment rise above the percentage restrictions applicable at the time of purchase.

In the event the portfolio or individual investments are deemed to be out of compliance with either statute or the investment policy, the Treasurer-Tax Collector and staff shall analyze and take appropriate course of action to rebalance the portfolio with the preservation of principal being the primary objective.

Authorized Investments: As stated earlier, authorized investment shall match the general categories established by the California Government Code section 53635 et seq. Authorized investments shall also include, in accordance with California Government Code section 16429.1, investment into LAIF.

The chart on the next page provides a list of the permitted securities and conditions for using them. Only the County Treasurer-Tax Collector or authorized staff will be authorized to invest in the approved investment. (See FIGURE 1 and Table of notes)

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2017)^A APPLICABLE TO ALL LOCAL AGENCIES^B

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations—CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40% ^E	None
Commercial Paper—Pooled Funds ^I	270 days	40% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H
Commercial Paper—Non-Pooled Funds ^F	270 days	25% of the agency's money ^G	Highest letter and number rating by an NRSRO ^H
Negotiable Certificates of Deposit	5 years	30% ^J	None
Non-negotiable Certificates of Deposit	5 years	None	None
Placement Service Deposits	5 years	30% ^K	None
Placement Service Certificates of Deposit	5 years	30% ^K	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^L	20% of the base value of the portfolio	None ^M
Medium-Term Notes ^N	5 years	30%	"A" rating category or its equivalent or better
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple ^{P,Q}
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating category or its equivalent or better ^R
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^S
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund ^T	N/A	None	None
Supranational Obligations ^U	5 years	30%	"AA" rating category or its equivalent or better

TABLE OF NOTES FOR FIGURE 1

- A Sources: Sections 16340, 16429.1, 53601, 53601.8, 53635, 53635.2, 53635.8, and 53638.
- B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- E No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.
- F "Select Agencies" are defined as a "city, a district, or other local agency that do[es] not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body."
- G Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.
- H Issuing corporation must be organized and operating within the U.S., have assets in excess of \$500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, has program wide credit enhancements, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.
- I "Other Agencies" are counties, a city and county, or other local agency "that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body." Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set for "Select Agencies," above.
- J No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- K No more than 30 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service (excludes negotiable certificates of deposit authorized under Section 53601(ii)).
- L Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- M Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- N "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States"
- O No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- P A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Sections 53601 and 53635.
- Q A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years experience investing in money market instruments with assets under management in excess of \$500 million.
- R Issuer must be rated in a rating category of "A" or its equivalent or better as provided by a nationally recognized statistical rating organization.
- S A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- T Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- U Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

Prohibited Investments: No investment should be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

Implementation

In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy at least annually during open session.

Monthly, the Treasurer-Tax Collector shall present and file with the Board of Supervisors during public session the Imperial County Treasurer-Tax Collector's Portfolio Master Summary.

Summary

The County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector, is to have express authority to invest County funds in any investments, securities and other instruments as described herein as the County Treasurer-Tax Collector, or Assistant Treasurer-Tax Collector deems appropriate.

The County Treasurer-Tax Collector will develop, interpret, clarify and maintain this Statement of Investment Policy. As the California Government Code and legislation is amended this Policy shall likewise become amended.

**IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
February 28, 2019**

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM 360 Equiv.	YTM 365 Equiv.	Days to Maturity	Term
LAIF / HIGHMARK CAPITAL / ZBA	64,500,000.00	64,500,000.00	64,500,000.00	12.49	2.367	2.400	1	1
Certificates of Deposit - Bank	14,449,000.00	14,449,000.00	14,449,000.00	2.80	1.970	1.997	407	682
Negotiable CD's	97,950,000.00	97,197,752.69	97,950,000.00	18.97	2.158	2.188	749	1,316
Federal Agency Issues - Coupon	339,627,000.00	337,350,139.95	339,335,961.77	65.73	2.060	2.089	879	1,486
Investments	516,526,000.00	513,496,892.64	516,234,961.77	100.00%	2.114	2.144	732	1,246
Cash								
Passbook/Checking (not included in yield calculations)	151,088,181.81	151,088,181.81	151,088,181.81		0.000	0.000	1	1
Total Cash and Investments	667,614,181.81	664,585,074.45	667,323,143.58		2.114	2.144	732	1,246

Total Earnings	February 28 Month Ending	Fiscal Year To Date
Current Year	885,170.69	6,529,615.80
Average Daily Balance	655,934,070.75	639,817,498.85
Effective Rate of Return	1.76%	1.53%

In accordance with the provisions of Section 53607 and 53646 of the Government Code, the laws and regulations of the State of California and authority granted by the Imperial County Board of Supervisors the County Treasurer is responsible for investing all the funds in the County Treasury not needed for current commitment. This statement denotes the ability of the local agency to meet its pool's expenditure requirements for the next six months.

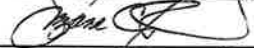
3 MONTH HISTORY OF CASH AND INVESTMENTS:

=====

CURRENT \$ 667,323,143.58

LAST MONTH \$ 679,733,225.99

PREVIOUS MONTH \$ 697,512,703.03

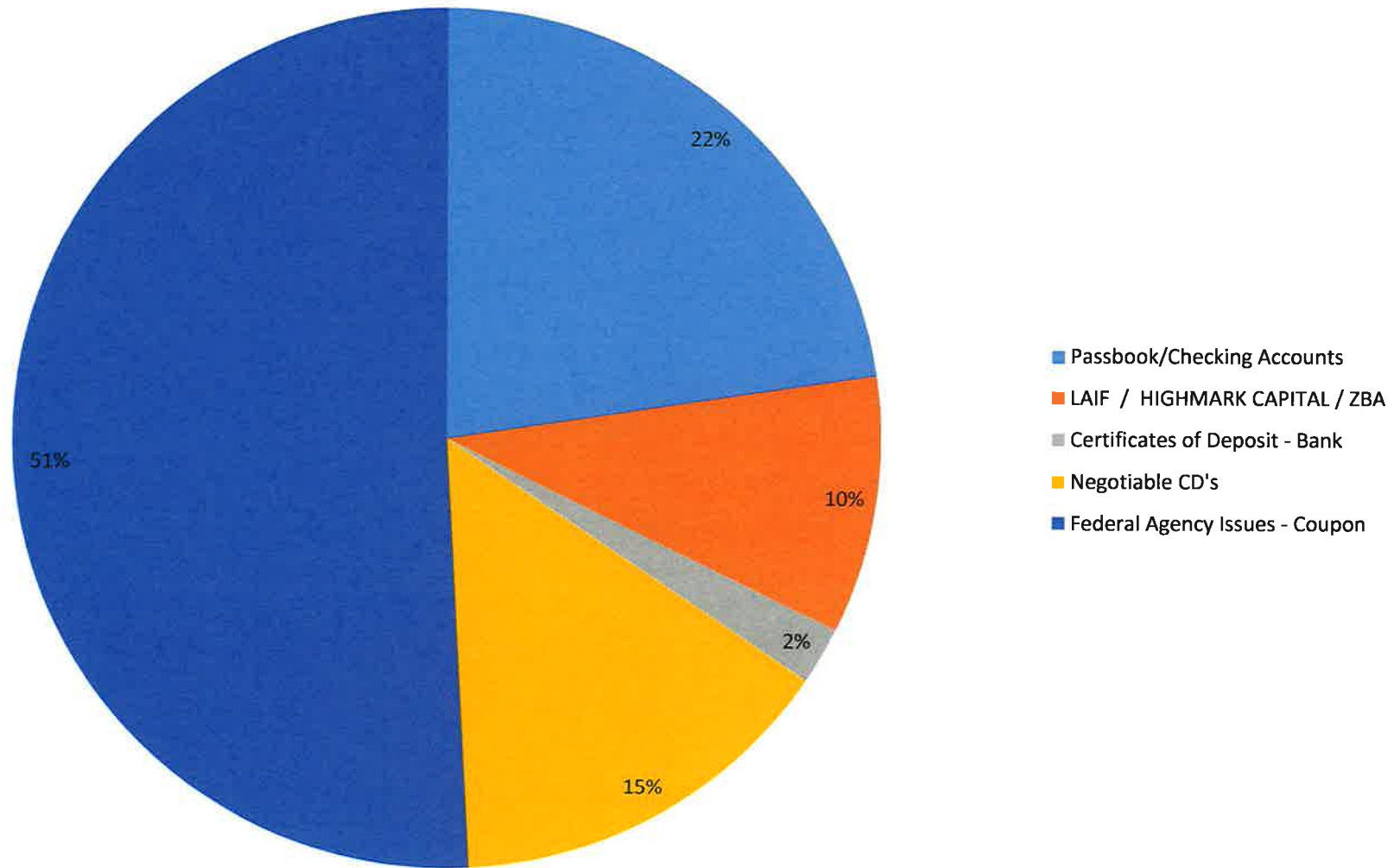

 Karen Vogel, Treasurer-Tax Collector 3/18/19

Reporting period 02/01/2019-02/28/2019

Run Date: 03/13/2019 - 14:46

Portfolio PTS
 CP
 PM (PRF_PM1) 7.3.0
 Report Ver. 7.3.3b

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Summary
Book Value by Investment Type
As of February 2019



IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
LAIF / HIGHMARK CAPITAL / ZBA												
SYS1-05015	1-05015	Local Agency Invstmt Fund			64,500,000.00	64,500,000.00	64,500,000.00	2.400	2.367	2.400	1	
SYS17-RABOMM	17-RABOMM	Rabobank, N.A.			0.00	0.00	0.00	0.200	0.197	0.200	1	
Subtotal and Average			64,500,000.00		64,500,000.00	64,500,000.00	64,500,000.00		2.367	2.400	1	
Certificates of Deposit - Bank												
SYS 4-053118	4-053118	1st. Oklahoma Bank		05/31/2018	245,000.00	245,000.00	245,000.00	2.220	2.190	2.220	457	05/31/2020
SYS 4-070717	4-070717	First Republic Bank		07/07/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	127	07/06/2019
4-022219	4-022219	Academy Bank N.A.		02/22/2019	245,000.00	245,000.00	245,000.00	2.900	2.860	2.900	724	02/22/2021
SYS 4-060718	4-060718	Asian Pacific National Bank		06/07/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	464	06/07/2020
SYS 4-033017	4-033017	Banc of California		03/30/2017	245,000.00	245,000.00	245,000.00	1.250	1.233	1.250	29	03/30/2019
SYS 4-102618	4-102618	Bank of the Valley		10/26/2018	245,000.00	245,000.00	245,000.00	3.000	2.959	3.000	480	06/23/2020
SYS 4-081618	4-081618	Bank Of The West		08/16/2018	245,000.00	245,000.00	245,000.00	2.390	2.357	2.390	546	08/28/2020
4-021319B	4-021319B	Broadway Federal Bank		02/13/2019	100,000.00	100,000.00	100,000.00	2.600	2.564	2.600	531	08/13/2020
SYS 4-071318	4-071318	Broadway Federal Bank		07/13/2018	145,000.00	145,000.00	145,000.00	2.220	2.190	2.220	500	07/13/2020
4-012619	4-012619	Cathay Bank		01/26/2019	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	331	01/26/2020
SYS 4-032218	4-032218	Central Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.200	2.170	2.200	387	03/22/2020
SYS 4-010819	4-010819	CEN TRUST BANK		01/08/2019	245,000.00	245,000.00	245,000.00	2.850	2.811	2.850	648	12/08/2020
SYS 4-120817	4-120817	Commonwealth Business Bank		12/08/2017	240,000.00	240,000.00	240,000.00	1.300	1.300	1.318	99	06/08/2019
SYS 4-030218A	4-030218A	Community West Bank		03/02/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	367	03/02/2020
SYS 4-070617	4-070617	Commerce State Bank		07/06/2017	245,000.00	245,000.00	245,000.00	1.700	1.677	1.700	127	07/06/2019
SYS 4-122217	4-122217	Community Valley Bank		12/22/2017	245,000.00	245,000.00	245,000.00	1.450	1.430	1.450	113	06/22/2019
SYS 4-072017	4-072017	Crestmark Bank		07/20/2017	245,000.00	245,000.00	245,000.00	1.850	1.825	1.850	141	07/20/2019
SYS 4-032218A	4-032218A	Dickinson County Bank		03/22/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	387	03/22/2020
SYS 4-101518	4-101518	DMB Community Bank		10/15/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	594	10/15/2020
SYS4-011019	4-011019	EH NATIONAL BANK		01/10/2019	245,000.00	245,000.00	245,000.00	2.660	2.624	2.660	406	04/10/2020
SYS 4-052317	4-052317	First Internet Bank of Indiana		05/23/2017	245,000.00	245,000.00	245,000.00	1.610	1.588	1.610	83	05/23/2019
SYS 4-031218	4-031218	Flagstar Bank, FSB		03/12/2018	245,000.00	245,000.00	245,000.00	2.100	0.000	0.000	377	03/12/2020
SYS4-101818S	4-101818S	First Natnl Bank		10/18/2018	245,000.00	245,000.00	245,000.00	2.400	2.367	2.400	231	10/18/2019
SYS4-112918	4-112918	FIRST CAROLINA BK		11/29/2018	245,000.00	245,000.00	245,000.00	2.700	0.000	0.000	639	11/29/2020
SYS4-102518	4-102518	Great Midwest Bank		10/25/2018	245,000.00	245,000.00	245,000.00	3.070	3.070	3.113	605	10/26/2020
4-020519	4-020519	HAB Bank		02/05/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	707	02/05/2021
4-012319	4-012319	Harvard State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.780	2.742	2.780	694	01/23/2021
4-020619	4-020619	Heritage Bank of St. Tammany		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-090618	4-090618	Israel Discount Bank of NY		09/06/2018	245,000.00	245,000.00	245,000.00	2.716	0.000	0.000	557	09/08/2020
SYS4-071317	4-071317	Industrial & Commercial		07/13/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	134	07/13/2019
SYS4-051718	4-051718	International City Bank NA		05/17/2018	245,000.00	245,000.00	245,000.00	2.350	2.318	2.350	444	05/18/2020

IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
SYS4-063017	4-063017	Kansas State Bank of Manhattan		06/30/2017	245,000.00	245,000.00	245,000.00	1.740	1.716	1.740	121	06/30/2019
SYS4-021218	4-021218	Latino Community CU		02/12/2018	245,000.00	245,000.00	245,000.00	2.300	2.268	2.300	348	02/12/2020
4-021319A	4-021319A	Modern Bank National Associatn		02/13/2019	245,000.00	245,000.00	245,000.00	3.010	2.969	3.010	715	02/13/2021
SYS4-060817	4-060817	Merrick Bank		06/08/2017	245,000.00	245,000.00	245,000.00	1.660	1.637	1.660	99	06/08/2019
SYS4-101018	4-101018	Midwest Regional Bank		10/10/2018	245,000.00	245,000.00	245,000.00	3.000	0.000	0.000	436	05/10/2020
4-021319	4-021319	Northern Bank & Trust Company		02/13/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	531	08/13/2020
4-020619A	4-020619A	Northwest Bank		02/06/2019	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	708	02/06/2021
SYS4-070518	4-070518	Origin Bank		07/05/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	492	07/05/2020
SYS4-040518	4-040518	Pacific Alliance Bank		04/05/2018	245,000.00	245,000.00	245,000.00	2.130	2.101	2.130	401	04/05/2020
SYS4-010818	4-010818	Pacific Enterprise Bank		01/08/2018	245,000.00	245,000.00	245,000.00	2.000	1.973	2.000	312	01/07/2020
SYS4-061517	4-061517	Pacific Mercantile		06/15/2017	244,000.00	244,000.00	244,000.00	1.850	1.825	1.850	106	06/15/2019
SYS4-120718	4-120718	PARAMOUNT BANK		12/07/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	464	06/07/2020
SYS4-091418	4-091418	Plains State Bank		09/14/2018	245,000.00	245,000.00	245,000.00	2.360	2.328	2.360	197	09/14/2019
SYS4-030918	4-030918	Pacific Premier Bank		03/09/2018	245,000.00	245,000.00	245,000.00	2.150	2.150	2.180	374	03/09/2020
SYS4-011619	4-011619	PREFERRED BANK		01/16/2019	245,000.00	245,000.00	245,000.00	2.800	2.800	2.839	687	01/16/2021
SYS4-060317	4-060317	Premier Business Bank		06/03/2017	245,000.00	245,000.00	245,000.00	1.650	1.627	1.650	94	06/03/2019
SYS4-081618	4-081618S	Royal Business Bank		08/16/2018	245,000.00	245,000.00	245,000.00	2.600	2.564	2.600	534	08/16/2020
SYS4-050418	4-050418	Security State Bank of Wewoka		05/04/2018	245,000.00	245,000.00	245,000.00	2.250	2.219	2.250	430	05/04/2020
4-012319A	4-012319A	Sargent County Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.750	2.712	2.750	694	01/23/2021
SYS4-101018S	4-101018S	Seaside National Bank & Trust		10/10/2018	245,000.00	245,000.00	245,000.00	2.700	2.663	2.700	589	10/10/2020
SYS4-101918	4-101918	State Bank of Texas		10/19/2018	245,000.00	245,000.00	245,000.00	2.800	2.762	2.800	598	10/19/2020
SYS4-112817	4-112817	Sterling SB and Trust		11/28/2017	245,000.00	245,000.00	245,000.00	1.540	0.000	0.000	29	03/30/2019
4-012319B	4-012319B	Summit State Bank		01/23/2019	245,000.00	245,000.00	245,000.00	2.860	2.860	2.900	694	01/23/2021
SYS 4-021218	4-021218A	Bank of Hope BBC		02/11/2018	245,000.00	245,000.00	245,000.00	1.600	1.578	1.600	163	08/11/2019
SYS4-060917	4-060917	Triumph Savings Bank, SSB		06/09/2017	245,000.00	245,000.00	245,000.00	1.550	1.529	1.550	100	06/09/2019
SYS4-092118	4-092118	US Metro Bank		09/21/2018	245,000.00	245,000.00	245,000.00	2.650	2.614	2.650	570	09/21/2020
SYS4-112918A	4-112918A	VERITEX COMMUNITY BANK		11/29/2018	245,000.00	245,000.00	245,000.00	2.820	0.000	0.000	639	11/29/2020
SYS4-121118	4-121118	WELCH STATE BANK		12/11/2018	245,000.00	245,000.00	245,000.00	2.800	0.000	0.000	651	12/11/2020
SYS4-071417	4-071417	Woori America Bank		07/14/2017	245,000.00	245,000.00	245,000.00	1.490	1.470	1.490	135	07/14/2019
Subtotal and Average			14,313,428.57		14,449,000.00	14,449,000.00	14,449,000.00		1.970	1.997	407	
Negotiable CD's												
319428AG3	7-021017	FIRST CENTURY BANK		02/10/2017	245,000.00	241,102.05	245,000.00	1.850	1.826	1.851	712	02/10/2021
31904JAE0	7-022618	FIRST BANK & TRUST OF FULLERTO		02/26/2018	245,000.00	240,879.10	245,000.00	2.550	2.516	2.551	1,456	02/24/2023
320636AC7	7-073117	First Iowa State Bank		07/31/2017	245,000.00	238,566.30	245,000.00	1.900	1.877	1.903	1,067	01/31/2022
32110YHC2	7-051116	First National Bank of America		05/11/2016	245,000.00	238,061.60	245,000.00	1.400	1.382	1.401	802	05/11/2021

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Negotiable CD's												
33640RCR6	7-032417	FIRST SENTRY BANK, INC.		03/24/2017	245,000.00	238,821.10	245,000.00	2.000	1.974	2.001	1,119	03/24/2022
33646CKQ6	7-121718A	1ST SOURCE BANK		12/17/2018	245,000.00	246,438.15	245,000.00	3.000	2.960	3.001	686	01/15/2021
35085FAB6	7-012419A	4FRONT		01/24/2019	245,000.00	245,600.25	245,000.00	2.750	2.712	2.750	329	01/24/2020
00257TAV8	7-061716B	Abacus Federal Savings Bank		06/17/2016	245,000.00	244,186.60	245,000.00	1.200	1.184	1.200	108	06/17/2019
00287RCH5	7-110618	ABBY BANK		11/06/2018	245,000.00	246,153.95	245,000.00	2.950	2.908	2.948	797	05/06/2021
00432KDZ3	7-072518	ACCESS NAT'L BANK		07/25/2018	245,000.00	245,793.80	245,000.00	2.900	2.791	2.830	878	07/26/2021
02554DBG1	7-040116	AMERICAN EAGLE BANK OF CHICAGO		04/01/2016	245,000.00	242,395.65	245,000.00	1.450	1.431	1.451	488	07/01/2020
00832KAB5	7-071318	AFFINITY		07/13/2018	245,000.00	245,198.45	245,000.00	2.550	2.515	2.550	133	07/12/2019
02007GEY5	7-091318	ALLY BANK		09/13/2018	245,000.00	246,303.40	245,000.00	3.000	2.959	3.000	927	09/13/2021
020080AZ0	7-061016	Alma Bk Astoria New York		06/10/2016	245,000.00	241,099.60	245,000.00	1.300	1.283	1.301	467	06/10/2020
02082CBE9	7-012916	Alpine Bank & Trust Co.		01/29/2016	245,000.00	240,955.05	245,000.00	1.800	1.777	1.802	700	01/29/2021
02554BCL3	7-032816	AMERICAN EAGLE BANK		03/28/2016	245,000.00	242,410.35	245,000.00	1.450	1.406	1.425	486	06/29/2020
02587DXK9	7-042915	American Express Centurion Bnk		04/29/2015	245,000.00	243,395.25	245,000.00	1.850	1.825	1.850	425	04/29/2020
02771PNR4	7-061217A	AMERICAN NATIONAL BANK FOX CIT		06/12/2017	245,000.00	240,149.00	245,000.00	1.850	1.826	1.851	836	06/14/2021
02587CEM8	7-050317	AMERICAN EXPRESS BANK FSB		05/03/2017	245,000.00	239,881.95	245,000.00	2.350	2.318	2.350	1,159	05/03/2022
02616AAB5	7-022819	AMERICAN FIRST		02/28/2019	245,000.00	244,794.20	245,000.00	2.550	2.513	2.547	546	08/28/2020
02769QCR8	7-122118C	AMERICAN NATIONAL BANK OF MINN		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
029728AP7	7-102315B	American State Bank- IA		10/23/2015	245,000.00	241,516.10	245,000.00	1.750	1.726	1.750	602	10/23/2020
03753XAC4	7-051116A	Apex Bank		05/11/2016	245,000.00	238,061.60	245,000.00	1.400	1.400	1.419	802	05/11/2021
05765LAQ0	7-013118B	BALBOA THRIFT AND LOAN ASSOCIA		01/31/2018	245,000.00	241,562.65	245,000.00	2.450	2.418	2.451	1,432	01/31/2023
06610PBV4	7-113018	BANKERS BANK OF KANSAS		11/30/2018	245,000.00	246,401.40	245,000.00	3.000	2.957	2.998	819	05/28/2021
06610QDH1	7-093016	THE BANKERS BANK		09/30/2016	245,000.00	236,905.20	245,000.00	1.350	1.332	1.351	944	09/30/2021
06740KLP0	7-110817B	BARCLAYS BANK DELAWARE		11/08/2017	245,000.00	239,855.00	245,000.00	2.350	2.318	2.350	1,348	11/08/2022
068360AA4	7-030615	Barre Savings Bank		03/06/2015	245,000.00	244,982.85	245,000.00	1.350	1.332	1.351	5	03/06/2019
06653ABL7	7-122916	BANKVISTA		12/29/2016	245,000.00	241,464.65	245,000.00	1.750	1.727	1.751	608	10/29/2020
12325EJB9	7-022718	BUSINESS BANK OF ST LOUIS		02/27/2018	245,000.00	241,966.90	245,000.00	2.550	2.514	2.549	1,274	08/26/2022
099703EH9	7-022817C	BORDER STATE BNK		02/28/2017	245,000.00	240,496.90	245,000.00	1.750	1.727	1.751	728	02/26/2021
084601LB7	7-110917A	BERKSHIRE BANK		11/09/2017	245,000.00	241,592.05	245,000.00	1.800	1.775	1.800	619	11/09/2020
08883AAXO	7-103015	Biddeford Savings Bank		10/30/2015	245,000.00	243,228.65	245,000.00	1.300	1.283	1.301	243	10/30/2019
06062QWJ9	7-103116A	BANK OF BARODA NEW YORK		10/31/2016	245,000.00	239,521.80	245,000.00	1.400	1.381	1.400	609	10/30/2020
061785CL3	7-093014A	Bank of Deerfield		09/30/2014	245,000.00	244,475.70	245,000.00	2.000	1.974	2.001	213	09/30/2019
06424LCH9	7-031618	THE BANK OF DELMARVA		03/16/2018	245,000.00	242,167.80	245,000.00	2.700	2.665	2.702	1,476	03/16/2023
061803AG7	7-032318	BANK OF DELIGHT		03/23/2018	245,000.00	243,138.00	245,000.00	2.600	2.566	2.602	1,118	03/23/2022
062114AR4	7-053018B	BANK FIRST NATIONAL		05/30/2018	245,000.00	245,274.40	245,000.00	3.050	3.010	3.052	1,551	05/30/2023
06251AM80	7-060116A	Bank Hapoalim B.M		06/01/2016	245,000.00	244,291.95	245,000.00	1.200	1.184	1.200	94	06/03/2019
06279VAA8	7-022817	BANK IOWA		02/28/2017	245,000.00	242,797.45	245,000.00	1.600	1.578	1.600	364	02/28/2020

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Negotiable CD's												
06426JAL5	7-031218	BANK OF LAKE MILLS		03/12/2018	245,000.00	242,197.20	245,000.00	2.700	2.665	2.702	1,470	03/10/2023
063615AV0	7-061215	Bank Midwest		06/12/2015	245,000.00	242,160.45	245,000.00	1.650	1.629	1.652	469	06/12/2020
063847AH0	7-061716A	Bank of New England - Salem		06/17/2016	245,000.00	238,747.60	245,000.00	1.400	1.382	1.401	839	06/17/2021
06647JAF1	7-012116	BankNewport		01/21/2016	245,000.00	241,023.65	245,000.00	1.800	1.777	1.802	692	01/21/2021
065847CW3	7-081215	Bank of Wisconsin Dells		08/12/2015	245,000.00	243,282.55	245,000.00	1.750	1.729	1.753	348	02/12/2020
90984FAR8	7-022818	UNITED COMMUNITY BANK OF WEST		02/28/2018	245,000.00	244,240.50	245,000.00	2.200	2.170	2.200	364	02/28/2020
05549CGQ7	7-051718	BLC COMMUNITY BANK		05/17/2018	245,000.00	244,683.95	245,000.00	2.800	2.768	2.807	1,084	02/17/2022
08016PCL1	7-051517	BELMONT BK & TRUST COMPANY		05/15/2017	245,000.00	242,219.25	245,000.00	1.600	1.580	1.601	441	05/15/2020
095067AL8	7-083018B	BLOOMSDALE BANK		08/30/2018	245,000.00	245,328.30	245,000.00	2.700	2.670	2.707	549	08/31/2020
05581WL45	7-021519	BMO HARRIS BANK NATIONAL ASSOC		02/15/2019	245,000.00	245,071.05	245,000.00	3.000	2.961	3.002	1,447	02/15/2023
05580AAD6	7-051614	BMW Bank North America		05/16/2014	245,000.00	244,848.10	245,000.00	1.900	1.874	1.900	76	05/16/2019
06610TEB7	7-111618	BARKERS BANK OF THE WEST		11/16/2018	245,000.00	246,550.85	245,000.00	3.050	3.011	3.053	991	11/16/2021
06160AAF7	7-061417	BANK OF COMMERCE		06/14/2017	245,000.00	240,149.00	245,000.00	1.850	1.826	1.851	836	06/14/2021
062163BB5	7-082318	BANK FOWARD		08/23/2018	245,000.00	245,874.65	245,000.00	3.050	3.011	3.052	1,330	10/21/2022
062683AR8	7-030918	BANK OF HOPE		03/09/2018	245,000.00	244,453.65	245,000.00	2.300	2.272	2.303	374	03/09/2020
8562846V1	7-031417	STATE BANK OF INDIA		03/14/2017	245,000.00	241,415.65	245,000.00	2.350	2.318	2.350	1,109	03/14/2022
06051VC79	7-120518B	BANK OF AMERICA NATIONAL ASSOC		12/05/2018	245,000.00	245,859.95	245,000.00	2.850	2.811	2.850	462	06/05/2020
064520AS8	7-042718A	THE BANK OF PRINCETON		04/27/2018	245,000.00	244,453.65	245,000.00	2.500	2.470	2.504	606	10/27/2020
064577DX4	7-112818	BANK RHODE ISLAND		11/28/2018	245,000.00	246,237.25	245,000.00	2.950	2.913	2.954	637	11/27/2020
06427LCF0	7-112917	BANK OF RUSTON		11/29/2017	245,000.00	241,636.15	245,000.00	1.850	1.780	1.804	640	11/30/2020
065084AA3	7-091418A	BANK OF SOUTH TEXAS		09/14/2018	245,000.00	245,311.15	245,000.00	2.700	2.667	2.704	563	09/14/2020
065284FW6	7-122217	BANK OF TENNESSEE		12/22/2017	245,000.00	243,385.45	245,000.00	1.900	1.810	1.835	388	03/23/2020
10801DAN1	7-082318B	BRICKELL BANK		08/23/2018	245,000.00	245,340.55	245,000.00	2.700	2.666	2.704	539	08/21/2020
108622FR7	7-061617A	BRIDGE WATER BANK		06/16/2017	245,000.00	240,131.85	245,000.00	1.850	1.826	1.851	838	06/16/2021
11373QFJ2	7-081718A	BROOKLINE BANK		08/17/2018	245,000.00	245,345.45	245,000.00	2.700	2.667	2.704	535	08/17/2020
130524AB7	7-053117	CALIFORNIA PACIFIC BANK		05/31/2017	245,000.00	237,990.55	245,000.00	1.850	1.825	1.850	1,095	02/28/2022
133033DR8	7-022615	The Camden National Bank		02/26/2015	245,000.00	243,865.65	245,000.00	1.800	1.776	1.801	362	02/26/2020
139797GC2	7-083017	THE CAPITAL BK		08/30/2017	245,000.00	242,405.45	245,000.00	1.700	1.677	1.700	455	05/29/2020
14042E6A3	7-082715	Capital One, Nat'l Assn		08/27/2015	245,000.00	243,939.15	245,000.00	2.350	2.318	2.350	544	08/26/2020
14069TAH8	7-061516	Capstone Bank		06/15/2016	245,000.00	244,203.75	245,000.00	1.200	1.184	1.200	105	06/14/2019
139805AP0	7-113018A	CAPITAL BANK NATIONAL ASSOCIAT		11/30/2018	245,000.00	246,648.85	245,000.00	3.050	3.012	3.054	640	11/30/2020
144153AZ6	7-020817	CAROLINA PREMIER BANK		02/08/2017	245,000.00	242,273.15	245,000.00	1.600	1.576	1.598	434	05/08/2020
144200AK8	7-012115	Carolina Trust Bank		01/21/2015	245,000.00	244,370.35	245,000.00	1.800	1.776	1.801	326	01/21/2020
20369AAD2	7-112917A	COMMUNITY CREDIT UNION OF LYNN		11/29/2017	245,000.00	238,409.50	245,000.00	2.200	2.170	2.200	1,369	11/29/2022
15118RPU5	7-082418	CELTIC BANK		08/24/2018	245,000.00	245,747.25	245,000.00	2.900	2.863	2.903	907	08/24/2021
15135TAL6	7-032118	CENDERA BANK, NAT'L ASSN		03/21/2018	245,000.00	243,145.35	245,000.00	2.600	2.566	2.602	1,116	03/21/2022

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Negotiable CD's												
152577AD4	7-013019	CENTRAL BANK		01/30/2019	245,000.00	243,708.85	245,000.00	2.650	2.616	2.652	1,067	01/31/2022
15721UCW7	7-021419	CF BANK NATIONAL ASSOCIATION		02/14/2019	245,000.00	242,550.00	245,000.00	2.800	2.761	2.799	1,627	08/14/2023
20364ABW4	7-071216	Community Financial Serv. Bank		07/12/2016	245,000.00	243,858.30	245,000.00	1.050	1.036	1.050	133	07/12/2019
147005BG6	7-032918A	CARVER FEDERAL SAVINGS BANK		03/29/2018	245,000.00	243,833.80	245,000.00	2.700	2.663	2.700	1,124	03/29/2022
17037VAZ5	7-113015	Choice Bank - Oshkosh		11/30/2015	245,000.00	244,240.50	245,000.00	1.550	1.530	1.551	273	11/29/2019
16116PHV6	7-080417	CHARTER BANK		08/04/2017	245,000.00	239,014.65	245,000.00	2.000	1.973	2.000	1,099	03/04/2022
176688CB3	7-111816B	Citizens State Bank of La Cros		11/18/2016	245,000.00	236,307.40	245,000.00	1.450	0.000	0.000	993	11/18/2021
17286TAC9	7-103018	CITADEL		10/30/2018	245,000.00	246,443.05	245,000.00	3.000	2.963	3.004	609	10/30/2020
17453FBM3	7-060515D	Citizens Deposit Bank		06/05/2015	245,000.00	244,551.65	245,000.00	1.500	1.479	1.500	96	06/05/2019
17312QH69	7-032918C	CITIBANK, NATIONAL ASSOCIATION		03/29/2018	245,000.00	243,530.00	245,000.00	2.850	2.811	2.850	1,489	03/29/2023
17668UAM2	7-033117A	CITIZENS STATE BANK & TRUST CO		03/31/2017	245,000.00	244,840.75	245,000.00	1.400	1.381	1.400	28	03/29/2019
187337AB6	7-123015A	Clinton Bank		12/30/2015	245,000.00	243,199.25	245,000.00	1.700	1.679	1.702	579	09/30/2020
20143PDJ6	7-020818	COMMERCIAL BANK		02/08/2018	245,000.00	242,763.15	245,000.00	2.300	2.266	2.298	801	05/10/2021
20056QRA3	7-052418A	COMMERCE BANK		05/24/2018	245,000.00	244,473.25	245,000.00	2.900	2.817	2.857	1,365	11/25/2022
23062KBL5	7-010218	CUMBERLAND FEDERAL BANK FSB		01/02/2018	245,000.00	242,238.85	245,000.00	1.900	1.874	1.900	581	10/02/2020
17476TAE5	7-013118A	CITIZENS NATIONAL BANK OF ALBI		01/31/2018	245,000.00	243,488.35	245,000.00	2.150	2.119	2.149	517	07/30/2020
15523RBH8	7-022217	CENTRAL STATE BANK		02/22/2017	245,000.00	242,618.60	245,000.00	1.500	1.479	1.500	357	02/21/2020
204161AE3	7-031616	Community Bank of Texas, N.A.		03/16/2016	245,000.00	243,961.20	245,000.00	1.200	1.184	1.200	137	07/16/2019
20033AXM3	7-101217A	COMENITY CAPITAL BANK		10/12/2017	245,000.00	239,602.65	245,000.00	2.300	2.270	2.301	1,321	10/12/2022
19646PAD6	7-022819D	COLORADO FEDERAL SAVINGS BANK		02/28/2019	245,000.00	244,291.95	245,000.00	2.550	2.515	2.550	728	02/26/2021
20368TCH1	7-122818A	COMMUNITY FIRST BANK OF INDIAN		12/28/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	486	06/29/2020
202291AE0	7-112318A	COMMERCIAL SAVINGS BANK		11/23/2018	245,000.00	247,535.75	245,000.00	3.300	3.209	3.253	1,729	11/24/2023
203507BA5	7-061516B	Community Bank - Pasadena		06/15/2016	245,000.00	238,777.00	245,000.00	1.550	1.530	1.551	837	06/15/2021
20451PVW3	7-102618A	COMPASS BANK		10/26/2018	245,000.00	246,428.35	245,000.00	3.000	2.959	3.000	605	10/26/2020
20416TAH5	7-051117	COMMUNITYWIDE		05/11/2017	245,000.00	241,168.20	245,000.00	1.700	1.680	1.703	620	11/10/2020
20786ABX2	7-121317A	CONNECT ONE BANK		12/13/2017	245,000.00	243,071.85	245,000.00	1.950	1.924	1.951	472	06/15/2020
211163FA3	7-102115A	Continental Bank		10/21/2015	245,000.00	240,553.25	245,000.00	1.500	1.479	1.500	600	10/21/2020
20402JAC4	7-061016A	Community Point Bank		06/10/2016	245,000.00	241,312.75	245,000.00	1.300	1.282	1.300	467	06/10/2020
21923LAH6	7-091418B	CORNERSTONE COMMUNITY FINANCIA		09/14/2018	245,000.00	245,864.85	245,000.00	2.850	2.815	2.854	563	09/14/2020
219255AB2	7-060515C	Cornhusker Bank		06/05/2015	245,000.00	243,123.30	245,000.00	1.650	1.629	1.652	462	06/05/2020
22230PBX7	7-012519A	COUNTRY BANK		01/25/2019	245,000.00	244,414.45	245,000.00	2.750	2.715	2.752	1,061	01/25/2022
222297BX0	7-110918A	COUNTRY BANK FOR SAVINGS		11/09/2018	245,000.00	246,440.60	245,000.00	3.000	2.963	3.004	619	11/09/2020
20084TJL8	7-061716	Commerce West Bank		06/17/2016	245,000.00	238,747.60	245,000.00	1.400	1.382	1.401	839	06/17/2021
22766AAV7	7-022817A	Cross First Bank		02/28/2017	245,000.00	240,496.90	245,000.00	1.750	1.727	1.751	728	02/26/2021
147021AL3	7-100417	CARVER STATE BANK		10/04/2017	245,000.00	237,574.05	245,000.00	2.050	2.023	2.051	1,313	10/04/2022
22239MAQ1	7-022717	COUNTRYSIDE FEDERAL CREDIT UN		02/27/2017	245,000.00	240,065.70	245,000.00	2.050	2.022	2.050	1,004	11/29/2021

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Negotiable CD's												
17670BBB3	7-092917A	CITIZENS STATE BANK		09/29/2017	245,000.00	237,356.00	245,000.00	1.950	1.923	1.950	1,246	07/29/2022
140420Y53	7-030117	CAPITAL ONE BANK		03/01/2017	245,000.00	241,146.15	245,000.00	2.300	2.268	2.300	1,096	03/01/2022
17658QAY7	7-042018	CITIZENS SAVINGS BANK		04/20/2018	245,000.00	244,274.80	245,000.00	2.450	2.416	2.450	599	10/20/2020
17670DAD6	7-063017A	CITIZEN ST BANK		06/30/2017	245,000.00	240,031.40	245,000.00	1.850	1.826	1.851	852	06/30/2021
24390AAD7	7-071318A	DEER VALLEY		07/13/2018	245,000.00	245,712.95	245,000.00	2.800	2.765	2.804	439	05/13/2020
25460FAT3	7-062817	DIRECT FEDERAL CREDIT UNION		06/28/2017	245,000.00	242,510.80	245,000.00	1.800	1.732	1.756	486	06/29/2020
25590AAF7	7-061617	DNB FIRST NATIONAL ASSOCIATION		06/16/2017	245,000.00	237,738.20	245,000.00	1.950	1.924	1.951	1,203	06/16/2022
25665QBA2	7-012419	Dollar Bank, FSB		01/24/2019	245,000.00	245,433.65	245,000.00	2.900	2.860	2.900	1,060	01/24/2022
254673BZ8	7-090717	DISCOVER BANK		09/07/2017	245,000.00	240,291.10	245,000.00	2.350	2.318	2.350	1,286	09/07/2022
27002YDY9	7-090718	EAGLE BANK		09/07/2018	245,000.00	245,705.60	245,000.00	2.800	2.677	2.714	738	03/08/2021
286283AA4	7-091918	ELGA		09/19/2018	245,000.00	245,678.65	245,000.00	2.800	2.765	2.804	567	09/18/2020
292079AM2	7-022318	EMPIRE STATE BANK		02/23/2018	245,000.00	243,123.30	245,000.00	2.300	2.270	2.302	725	02/23/2021
29266NB55	7-081914	EnerBank, USA		08/19/2014	245,000.00	244,652.10	245,000.00	2.050	2.022	2.050	171	08/19/2019
29367QCH9	7-012516	Enterprise Bank NA Omaha		01/25/2016	245,000.00	242,848.90	245,000.00	1.500	1.480	1.501	332	01/27/2020
300185HA6	7-072718	EVERGREEN BK GROUP		07/27/2018	245,000.00	245,367.50	245,000.00	2.700	2.667	2.704	514	07/27/2020
29367RHR0	7-032416	ENTERPRISE BK		03/24/2016	245,000.00	239,048.95	245,000.00	1.500	1.480	1.501	754	03/24/2021
29888PBJ8	7-011516B	EvaBank		01/15/2016	245,000.00	240,624.30	245,000.00	1.700	1.679	1.702	686	01/15/2021
299547AB5	7-072718A	EVANSVILLE TEACHERS		07/27/2018	245,000.00	245,367.50	245,000.00	2.700	2.667	2.704	514	07/27/2020
29976DYJ3	7-061915	Ever Bank		06/19/2015	245,000.00	242,733.75	245,000.00	1.850	1.825	1.850	476	06/19/2020
30246AFW3	7-032318A	F AND M BANK		03/23/2018	245,000.00	242,608.80	245,000.00	2.750	2.714	2.752	1,483	03/23/2023
306275AF5	7-111717	FALL RIVER FIVE CENTS SAVINGS		11/17/2017	245,000.00	238,049.35	245,000.00	2.150	2.122	2.151	1,357	11/17/2022
30810NBN5	7-022219B	FARMERS AND MERCHANT BANK		02/22/2019	245,000.00	243,988.15	245,000.00	2.600	2.485	2.520	906	08/23/2021
307660LC2	7-121718	FARM BUREAU BANK FSB		12/17/2018	245,000.00	246,440.60	245,000.00	3.000	2.858	2.898	689	01/18/2021
31938QN34	7-071715	First Business Bank - WI		07/17/2015	245,000.00	243,787.25	245,000.00	1.900	1.874	1.900	322	01/17/2020
33767AQ53	7-123016	FirstBank Puerto Rico		12/30/2016	245,000.00	241,173.10	245,000.00	2.250	2.220	2.251	1,035	12/30/2021
32024JAC7	7-102017	FIRST FEDERAL CREDIT UNION		10/20/2017	245,000.00	240,043.65	245,000.00	2.000	1.974	2.001	964	10/20/2021
32021SEU6	7-032218	FIRST FINANCIAL BANK		03/22/2018	245,000.00	244,671.70	245,000.00	2.400	1.905	1.932	388	03/23/2020
32022MAC2	7-101615A	First Financial Northwest Bank		10/16/2015	245,000.00	243,424.65	245,000.00	1.350	1.332	1.351	229	10/16/2019
31931TFU4	7-122818	FIRST BANK		12/28/2018	245,000.00	245,833.00	245,000.00	2.850	2.810	2.849	395	03/30/2020
32057GAE9	7-101615	First International Bank Trust		10/16/2015	245,000.00	243,160.05	245,000.00	1.600	1.580	1.602	321	01/16/2020
32018YBE7	7-013019B	FIRST FEDERAL SAVINGS AND LOAN		01/30/2019	245,000.00	244,608.00	245,000.00	2.600	2.564	2.600	700	01/29/2021
32114LBK4	7-101018	FIRST NATIONAL BANK		10/10/2018	245,000.00	246,009.40	245,000.00	3.150	3.109	3.152	1,684	10/10/2023
32008JAJ2	7-110714	First Eagle Bank		11/07/2014	245,000.00	244,490.40	245,000.00	1.750	1.726	1.750	251	11/07/2019
32021MFE4	7-053018	FIRST FINANCIAL BNK		05/30/2018	245,000.00	244,333.60	245,000.00	2.800	2.766	2.804	1,187	05/31/2022
32023HAJ7	7-122217A	FIRST FEDERAL SAVINGS & LOAN A		12/22/2017	245,000.00	244,686.40	245,000.00	1.900	1.872	1.898	112	06/21/2019
32024FAB7	7-091418	FIRST FIDELITY BANK		09/14/2018	245,000.00	245,411.60	245,000.00	2.850	2.813	2.852	928	09/14/2021

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Negotiable CD's												
319141HG5	7-081617	FIRST BK OF HIGHLAND BANK		08/16/2017	245,000.00	239,222.90	245,000.00	2.200	2.170	2.200	1,264	08/16/2022
320637AN1	7-032917A	1ST IPSWICH BANK		03/29/2017	245,000.00	244,857.90	245,000.00	1.450	1.428	1.448	28	03/29/2019
319513CA3	7-112818A	FIRST CITIZENS NATIONAL BANK		11/28/2018	245,000.00	246,749.30	245,000.00	3.100	3.058	3.101	1,095	02/28/2022
336386BA4	7-012919	FIRST SECURITY STATE BANK		01/29/2019	245,000.00	244,612.90	245,000.00	2.600	2.471	2.505	700	01/29/2021
320165JD6	7-022719	FIRST FARMERS B&TC		02/27/2019	245,000.00	243,596.15	245,000.00	2.650	2.550	2.586	1,095	02/28/2022
32100LBY0	7-021319	FIRST MISSOURI STATE BANK OF C		02/13/2019	245,000.00	243,066.95	245,000.00	2.850	2.547	2.583	1,627	08/14/2023
32118GAA4	7-101718A	FIRST NATIONAL BANK AT DARLIN		10/17/2018	245,000.00	245,850.15	245,000.00	2.850	2.815	2.854	595	10/16/2020
32021YDF7	7-082818	FIRST FEDERAL SAVINGS BANK		08/28/2018	245,000.00	245,333.20	245,000.00	2.700	2.667	2.704	546	08/28/2020
33640VCF3	7-111618A	FIRST SERVICE BANK		11/16/2018	245,000.00	245,512.05	245,000.00	3.300	3.254	3.299	1,537	05/16/2023
33715LAD2	7-063016	First Technology		06/30/2016	245,000.00	238,669.20	245,000.00	1.750	1.726	1.750	852	06/30/2021
337504AF1	7-122118B	FIRST WESTERN TRUST BANK		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
308863AP4	7-032917B	FARMERS & MERCHANTS SAVINGS BN		03/29/2017	245,000.00	244,840.75	245,000.00	1.400	1.381	1.400	28	03/29/2019
330459BB3	7-071315	FNB Bank, Inc. - KY		07/13/2015	245,000.00	244,110.65	245,000.00	1.700	1.700	1.724	318	01/13/2020
30257JAL9	7-072018	FNB BANK, INC.		07/20/2018	245,000.00	245,661.50	245,000.00	3.100	3.059	3.102	1,602	07/20/2023
332135HH8	7-022118	FIRST NATIONAL BANK OF OMAHA		02/21/2018	245,000.00	244,510.00	245,000.00	2.300	2.268	2.300	357	02/21/2020
32114VBG1	7-011218	FIRST NATIONAL BANK OF MICHIGA		01/12/2018	245,000.00	240,749.25	245,000.00	2.200	2.171	2.201	1,048	01/12/2022
34415LAP6	7-112717A	FOCUS BANK		11/27/2017	245,000.00	238,451.15	245,000.00	2.200	2.170	2.200	1,364	11/24/2022
35637RCU9	7-012816	Freedom Finl Bk West		01/28/2016	245,000.00	241,827.25	245,000.00	1.750	1.728	1.752	699	01/28/2021
307811BZ1	7-041118	THE FARMERS & MERCHANTS BANK		04/11/2018	245,000.00	242,459.35	245,000.00	2.700	2.667	2.704	1,419	01/18/2023
30781TBD9	7-011817	FARMERS AND MERCHANTS BANK		01/18/2017	245,000.00	237,292.79	245,000.00	2.050	2.022	2.050	1,054	01/18/2022
31034PAM1	7-102315	Farmers State Bank		10/23/2015	245,000.00	240,913.40	245,000.00	1.600	1.580	1.602	602	10/23/2020
310567AB8	7-011918B	FARM STATE BANK		01/19/2018	245,000.00	240,183.30	245,000.00	2.350	2.319	2.351	1,298	09/19/2022
33650EAN3	7-022217A	FIRST STATE BANK		02/22/2017	245,000.00	240,536.10	245,000.00	1.750	1.727	1.751	724	02/22/2021
31911QFJ9	7-081018A	First Bank Financial Centre		08/10/2018	245,000.00	246,058.40	245,000.00	2.950	2.912	2.953	893	08/10/2021
32063KAS1	7-110817	FIRST JACKSON BANK, INC.		11/08/2017	245,000.00	238,816.20	245,000.00	2.050	1.987	2.015	1,165	05/09/2022
355576AP4	7-082517	FRAZER BANK		08/25/2017	245,000.00	239,573.25	245,000.00	1.850	1.826	1.851	908	08/25/2021
33648XAR7	7-012816B	First State Bank SD		01/28/2016	245,000.00	241,807.65	245,000.00	1.650	1.627	1.650	515	07/28/2020
32112UCJ8	7-111616B	The First National Bank of McG		11/16/2016	245,000.00	236,329.45	245,000.00	1.450	1.431	1.451	991	11/16/2021
33610RQY2	7-082117	FIRST PREMIER BK		08/21/2017	245,000.00	237,968.50	245,000.00	2.050	1.848	1.873	1,270	08/22/2022
337630BD8	7-062317	FIRSTTRUST SAVINGS BANK		06/23/2017	245,000.00	240,352.35	245,000.00	1.900	1.875	1.901	845	06/23/2021
35471TEB4	7-042018A	FRANKLIN SYNERGY BK		04/20/2018	245,000.00	244,840.75	245,000.00	2.250	2.223	2.254	203	09/20/2019
33612JHA0	7-061917	FIRST PRIORTY BANK		06/19/2017	245,000.00	242,420.15	245,000.00	1.750	1.726	1.750	476	06/19/2020
35907XDL8	7-032818	FRONTIER BANK		03/28/2018	245,000.00	242,118.80	245,000.00	2.700	2.665	2.702	1,488	03/28/2023
33749VAF5	7-062116	First Western Bank & Trust -ND		06/21/2016	245,000.00	244,154.75	245,000.00	1.200	1.184	1.200	112	06/21/2019
38058KDW3	7-022818A	GOLD COAST BANK		02/28/2018	245,000.00	242,542.65	245,000.00	2.500	2.467	2.501	1,095	02/28/2022
37148LAA6	7-063017	GENERATIONS COMMUNITY FEDERAL		06/30/2017	245,000.00	242,674.95	245,000.00	1.850	1.826	1.852	487	06/30/2020

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Negotiable CD's												
062268AE7	7-012216	Bank of Geneva		01/22/2016	245,000.00	241,317.65	245,000.00	1.700	1.678	1.701	601	10/22/2020
39103QAB2	7-051818	GREAT NORTH BANK		05/18/2018	245,000.00	244,331.15	245,000.00	2.950	2.911	2.952	1,539	05/18/2023
36198JEK6	7-122118A	GNB BANK		12/21/2018	245,000.00	245,872.20	245,000.00	2.850	2.673	2.710	479	06/22/2020
38148PSD0	7-110117	GOLDMAN SACHS BANK, USA		11/01/2017	245,000.00	239,906.45	245,000.00	2.350	2.318	2.350	1,341	11/01/2022
38644ABM0	7-110118	GRAND RIVER BANK		11/01/2018	245,000.00	246,354.85	245,000.00	3.000	2.879	2.919	885	08/02/2021
39115UBA0	7-090617	GREAT PLAIN BANK		09/06/2017	245,000.00	237,409.90	245,000.00	2.000	1.974	2.001	1,285	09/06/2022
400820CN4	7-083018	GUARANTY BANK AND TRUST COMPAN		08/30/2018	245,000.00	245,475.30	245,000.00	2.800	2.680	2.717	731	03/01/2021
401228AW1	7-123015	Guaranty State Bank & Trust		12/30/2015	245,000.00	243,405.05	245,000.00	1.600	1.580	1.601	487	06/30/2020
410493CW8	7-021618	HANMI BANK		02/16/2018	245,000.00	244,289.50	245,000.00	2.200	2.169	2.200	354	02/18/2020
412022BP9	7-103015B	Hardin County Savings Bank		10/30/2015	245,000.00	244,429.15	245,000.00	1.400	1.382	1.401	243	10/30/2019
426336BF9	7-012717	THE HENRY COUNTY BANK		01/27/2017	245,000.00	238,600.60	245,000.00	1.900	1.875	1.901	1,063	01/27/2022
429882EV1	7-021017B	HIGHLAND BANK		02/10/2017	245,000.00	238,830.90	245,000.00	1.950	1.924	1.951	1,077	02/10/2022
440392FD5	7-122816	HORICON BANK		12/28/2016	245,000.00	243,086.55	245,000.00	1.500	1.479	1.500	304	12/30/2019
41166HAR7	7-022117	HARBOR ONE BANK		02/21/2017	245,000.00	243,899.95	245,000.00	1.400	1.381	1.400	173	08/21/2019
42724JEA9	7-041218	HERITAGE BANK USA, INC.		04/12/2018	245,000.00	244,213.55	245,000.00	2.500	2.471	2.506	683	01/12/2021
45083AHT2	7-053018C	IBERIA BANK		05/30/2018	245,000.00	245,183.75	245,000.00	2.700	2.666	2.703	640	11/30/2020
45776NCM6	7-032918B	INSBANK		03/29/2018	245,000.00	243,858.30	245,000.00	2.600	2.569	2.605	943	09/29/2021
45581EAK7	7-092017	INDUSTRIAL & COMMERCIAL BK OF		09/20/2017	245,000.00	239,761.90	245,000.00	2.300	2.270	2.301	1,299	09/20/2022
457455AX1	7-071516	Inland Northwest Bank		07/15/2016	245,000.00	243,948.95	245,000.00	1.000	0.986	1.000	136	07/15/2019
45383USS5	7-111617A	INDEPENDENT BANK		11/16/2017	245,000.00	240,626.75	245,000.00	1.900	1.832	1.858	808	05/17/2021
45842PAP6	7-032818B	INTERAUDI BANK		03/28/2018	245,000.00	242,594.10	245,000.00	2.750	2.714	2.752	1,488	03/28/2023
458657LT8	7-022219A	INTERCREDIT BANK NA		02/22/2019	245,000.00	243,620.65	245,000.00	2.650	2.616	2.652	1,089	02/22/2022
46147UQL7	7-061715A	Investors Community Bank		06/17/2015	245,000.00	242,902.80	245,000.00	1.900	1.876	1.902	474	06/17/2020
46256YAD1	7-033015B	Iowa State Bank		03/30/2015	245,000.00	244,921.60	245,000.00	1.350	1.332	1.350	28	03/29/2019
46603WAA1	7-012618	IXONIA BANK		01/26/2018	245,000.00	244,169.45	245,000.00	2.100	1.993	2.020	332	01/27/2020
466682AQ4	7-083117	JACKSON COUNTY BANK		08/31/2017	245,000.00	237,890.10	245,000.00	2.050	2.022	2.050	1,279	08/31/2022
472376AF9	7-041118A	JEFFERSON BANK & TRUST CO		04/11/2018	245,000.00	244,495.30	245,000.00	2.500	2.068	2.096	591	10/12/2020
474067AE5	7-111017	JEFFERSON FINANCIAL		11/10/2017	245,000.00	241,988.95	245,000.00	2.150	2.121	2.150	801	05/10/2021
48128HAY4	7-011819A	JP MORGAN CHASE BANK NAT'L		01/18/2019	245,000.00	246,707.65	245,000.00	3.250	3.205	3.250	1,784	01/18/2024
49254FAB2	7-122118	KEESLER		12/21/2018	245,000.00	247,209.90	245,000.00	3.150	3.109	3.152	843	06/21/2021
49228XAA8	7-022719A	KERN SCHOOLS		02/27/2019	245,000.00	244,649.65	245,000.00	2.800	2.695	2.732	1,095	02/28/2022
49306SYN0	7-080917	KEY BANK NATIONAL ASSOCIATION		08/09/2017	245,000.00	242,238.85	245,000.00	1.800	1.775	1.800	525	08/07/2020
499724AD4	7-083018A	KNOXVILLE TVA EMPLOYEES		08/30/2018	245,000.00	247,119.25	245,000.00	3.250	3.207	3.252	1,643	08/30/2023
48714LAD1	7-022817B	KEARNY BANK		02/28/2017	245,000.00	238,348.25	245,000.00	1.900	1.874	1.900	1,095	02/28/2022
50625LAD5	7-092718A	LAFAYETTE		09/27/2018	245,000.00	246,771.35	245,000.00	3.150	3.109	3.152	1,306	09/27/2022
51210SMR5	7-051017A	LAKESIDE BANK		05/10/2017	245,000.00	241,371.55	245,000.00	1.750	1.729	1.753	620	11/10/2020

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Negotiable CD's												
501798LJ9	7-011918C	LCA BANK CORPORATION		01/19/2018	245,000.00	241,432.80	245,000.00	2.300	2.269	2.300	1,048	01/12/2022
52465JGC5	7-081415A	Legends Bank		08/14/2015	245,000.00	243,875.45	245,000.00	1.700	1.652	1.675	472	06/15/2020
524661BX2	7-012517	LEGACY BANK		01/25/2017	245,000.00	240,763.95	245,000.00	1.750	1.727	1.751	696	01/25/2021
53362LAM6	7-111816D	Lincoln First Bank		11/18/2016	245,000.00	237,985.65	245,000.00	1.400	1.381	1.400	809	05/18/2021
508176CK8	7-090817	LAKE CITY BNK		09/08/2017	245,000.00	242,214.35	245,000.00	1.850	1.826	1.852	557	09/08/2020
51507LBG8	7-030317	LANDMARK COMMUNITY BANK		03/03/2017	245,000.00	243,875.45	245,000.00	1.450	1.433	1.452	186	09/03/2019
538036DR2	7-081518	Live Oak Banking Company		08/15/2018	245,000.00	245,418.95	245,000.00	2.750	2.624	2.661	626	11/16/2020
54111LAC0	7-020918	LOGAN STATE BANK		02/09/2018	245,000.00	239,156.75	245,000.00	2.350	2.319	2.351	1,441	02/09/2023
549104EH6	7-010419	LUANA SAVINGS BANK		01/04/2019	245,000.00	245,382.20	245,000.00	2.700	2.663	2.700	493	07/06/2020
554479DQ5	7-091714	Machias Savings Bank		09/17/2014	245,000.00	244,500.20	245,000.00	1.900	1.875	1.901	200	09/17/2019
560507AJ4	7-101918	MAINE SAVINGS		10/19/2018	245,000.00	247,721.95	245,000.00	3.300	3.255	3.300	1,540	05/19/2023
56035BBP0	7-012819	MAIN STREET BANK		01/28/2019	245,000.00	244,615.35	245,000.00	2.600	2.568	2.603	699	01/28/2021
56817TAB7	7-062917	MARINE BANK		06/29/2017	245,000.00	240,033.85	245,000.00	1.800	1.777	1.801	851	06/29/2021
58117WAC1	7-072018A	MCHENRY SAVINGS BANK		07/20/2018	245,000.00	246,163.75	245,000.00	3.150	3.109	3.152	1,602	07/20/2023
58403B4F0	7-060816	Medallion Bank-Salt Lake		06/08/2016	245,000.00	244,223.35	245,000.00	1.200	1.184	1.200	101	06/10/2019
583626AE6	7-020518	MECHANICS COOPERATIVE BANK		02/05/2018	245,000.00	240,996.70	245,000.00	2.550	2.479	2.513	1,438	02/06/2023
583686BR0	7-020416	Mechanics Savings Bank		02/04/2016	245,000.00	241,780.70	245,000.00	1.650	1.627	1.650	706	02/04/2021
590290AC6	7-092316	MERRIMACK COUNTY SAVINGS BANK		09/23/2016	245,000.00	243,240.90	245,000.00	1.150	1.134	1.150	206	09/23/2019
59101LFC6	7-110218A	METABANK		11/02/2018	245,000.00	245,423.85	245,000.00	2.650	2.613	2.650	245	11/01/2019
59452WAD0	7-110918	MICHIGAN LEGACY		11/09/2018	245,000.00	248,209.50	245,000.00	3.350	3.303	3.349	1,530	05/09/2023
595226AX9	7-051118	MID AMERICA BANK		05/11/2018	245,000.00	245,017.15	245,000.00	2.650	2.542	2.577	622	11/12/2020
596689EGO	7-072915B	Middleton Community Bank		07/29/2015	245,000.00	244,279.70	245,000.00	1.750	1.729	1.753	273	11/29/2019
596608BB4	7-090817A	MIDDLESEX FEDERAL SAVINGS, F.A		09/08/2017	245,000.00	237,392.75	245,000.00	2.000	1.974	2.001	1,287	09/08/2022
59541KBP1	7-011918A	MID-MISSOURI BANK		01/19/2018	245,000.00	239,311.10	245,000.00	2.350	2.319	2.351	1,420	01/19/2023
59805FAD1	7-092618	MIDSOUTH BANK, NATIONAL ASSOCI		09/26/2018	245,000.00	245,514.50	245,000.00	3.100	3.059	3.102	1,670	09/26/2023
59828QBB3	7-091218	MIDWEST BANKCENTRE		09/12/2018	245,000.00	245,414.05	245,000.00	2.850	2.743	2.781	927	09/13/2021
59828PBX7	7-061217	MIDWESTBANK		06/12/2017	245,000.00	238,169.40	245,000.00	2.000	1.974	2.001	1,197	06/10/2022
598315BH1	7-070215	Midwest Community Bank- IL		07/02/2015	245,000.00	243,456.50	245,000.00	1.900	1.900	1.926	489	07/02/2020
598580AJ7	7-121515	Mifflinburg BK & Trust Company		12/15/2015	245,000.00	243,471.20	245,000.00	1.650	1.629	1.652	472	06/15/2020
59980RAC4	7-011118	MILL CITY CREDIT UNION		01/11/2018	245,000.00	241,043.25	245,000.00	2.400	2.366	2.399	1,228	07/11/2022
56034WAS0	7-020119	MAIN STREET BANK CORP		02/01/2019	245,000.00	245,759.50	245,000.00	2.950	2.912	2.952	1,068	02/01/2022
619165HZ9	7-022819A	MORTON COMMUNITY BANK		02/28/2019	245,000.00	243,841.15	245,000.00	2.750	2.711	2.748	1,215	06/28/2022
61760ACZ0	7-081717	MORGAN STANLEY PRIVATE BANK		08/17/2017	245,000.00	244,247.85	245,000.00	1.700	1.677	1.700	171	08/19/2019
58740XYZ7	7-051017	MERCANTILE BANK OF MICHIGAN		05/10/2017	245,000.00	242,400.55	245,000.00	1.650	1.401	1.421	437	05/11/2020
61747MXQ9	7-080317	Morgan Stanley Bank NA		08/03/2017	245,000.00	244,316.45	245,000.00	1.700	1.677	1.700	157	08/05/2019
59013JZW2	7-082117A	MERRICK BNK		08/21/2017	245,000.00	238,348.25	245,000.00	2.100	2.041	2.070	1,270	08/22/2022

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Negotiable CD's												
57116AJX7	7-061915A	Marlin Business Bank Salt Lake		06/19/2015	245,000.00	244,502.65	245,000.00	1.700	1.678	1.701	110	06/19/2019
62384RAB2	7-101217	MOUNTAIN AMERICA		10/12/2017	245,000.00	239,602.65	245,000.00	2.300	2.270	2.301	1,321	10/12/2022
62847HAK5	7-012816C	MutualOne Bank		01/28/2016	245,000.00	243,008.15	245,000.00	1.650	1.627	1.650	699	01/28/2021
598276BQ5	7-032918	MIDWEST BANK		03/29/2018	245,000.00	242,116.35	245,000.00	2.700	2.663	2.700	1,489	03/29/2023
55406JAJ1	7-081715	M.Y. Safra Bank, FSB		08/17/2015	245,000.00	244,247.85	245,000.00	1.700	1.677	1.700	350	02/14/2020
634116CF2	7-113015A	National Bank of NYC		11/30/2015	245,000.00	243,093.90	245,000.00	1.750	1.728	1.752	640	11/30/2020
66742UAE7	7-070115	Northwest Community Bank		07/01/2015	245,000.00	244,218.45	245,000.00	1.600	1.580	1.602	245	11/01/2019
635573AC2	7-103015C	National Cooperative Bank		10/30/2015	245,000.00	243,441.80	245,000.00	1.750	1.726	1.750	609	10/30/2020
63983RBC2	7-022819B	NEEDHAM BANK		02/28/2019	245,000.00	244,306.65	245,000.00	2.550	2.515	2.550	724	02/22/2021
64017AAG9	7-091918A	NEIGHBORS		09/19/2018	245,000.00	246,594.95	245,000.00	3.050	2.597	2.634	934	09/20/2021
666613GQ1	7-031918	NORTHPOINTE BANK		03/19/2018	245,000.00	243,985.70	245,000.00	2.500	2.468	2.502	749	03/19/2021
66980DAE6	7-011218A	NOTRE DAME		01/12/2018	245,000.00	244,698.65	245,000.00	2.000	1.973	2.000	133	07/12/2019
66612ABG2	7-033017A	NORTHFIELD BANK		03/30/2017	245,000.00	244,835.85	245,000.00	1.450	1.151	1.167	31	04/01/2019
662228CQ6	7-061516A	The North Salem State Bank		06/15/2016	245,000.00	241,050.60	245,000.00	1.300	1.283	1.301	472	06/15/2020
63861NAC9	7-111816C	Nationwide Bank		11/18/2016	245,000.00	236,625.90	245,000.00	1.500	1.480	1.501	993	11/18/2021
67054NAH6	7-062117	NUMERICA		06/21/2017	245,000.00	241,462.20	245,000.00	2.100	2.073	2.101	843	06/21/2021
677721CR1	7-090817B	THE OHIO VALLEY BANK COMPANY		09/08/2017	245,000.00	237,801.90	245,000.00	2.050	2.023	2.051	1,287	09/08/2022
68002LBE7	7-031017	OLD MISSOURI BANK		03/10/2017	245,000.00	242,711.70	245,000.00	1.550	1.530	1.551	375	03/10/2020
68235GAA6	7-101316	ONE AMERICAN BANK		10/13/2016	245,000.00	236,684.70	245,000.00	1.350	1.332	1.351	957	10/13/2021
68621KAN1	7-032917	ORIENTAL BANK		03/29/2017	245,000.00	244,046.95	245,000.00	1.700	1.677	1.700	212	09/29/2019
68956HAB9	7-011918	OTTAWA SAVINGS BANK		01/19/2018	245,000.00	240,202.90	245,000.00	2.300	2.268	2.299	1,236	07/19/2022
69406PCT4	7-121517	PACIFIC CITY BANK		12/15/2017	245,000.00	242,915.05	245,000.00	1.900	1.875	1.901	472	06/15/2020
69413CEU9	7-053116	Pacific Continental Bank-Oreg		05/31/2016	245,000.00	244,309.10	245,000.00	1.100	1.085	1.100	91	05/31/2019
70212YAR3	7-033015	Partners Bank of California		03/30/2015	245,000.00	244,394.85	245,000.00	1.500	1.482	1.502	213	09/30/2019
707312AL8	7-022019	PENN COMMUNITY BANK		02/20/2019	245,000.00	244,539.40	245,000.00	2.600	2.564	2.600	725	02/23/2021
712490AE1	7-092316A	THE PEOPLES STATE BANK OF NEWT		09/23/2016	245,000.00	236,905.20	245,000.00	1.350	1.332	1.351	937	09/23/2021
71270QQJ8	7-011817A	PEOPLE'S UNITED BANK, NAT'L		01/18/2017	245,000.00	239,710.45	245,000.00	2.050	2.022	2.050	1,054	01/18/2022
710311AT8	7-081415	Peoples Bank of Commerce		08/14/2015	245,000.00	244,713.35	245,000.00	1.550	1.530	1.551	166	08/14/2019
72143YAC6	7-112315	Pilgrim Bank		11/23/2015	245,000.00	243,120.85	245,000.00	1.750	1.728	1.752	633	11/23/2020
72247PAC0	7-082918	PINE BLUFF COTTON BELT		08/29/2018	245,000.00	245,688.45	245,000.00	2.800	2.766	2.804	549	08/31/2020
72345SHM6	7-121418	PINNACLE BANK		12/14/2018	245,000.00	245,869.75	245,000.00	2.850	2.673	2.710	472	06/15/2020
723605AL5	7-112618	PIONEER BANK SSB		11/26/2018	245,000.00	246,445.50	245,000.00	3.000	2.851	2.891	637	11/27/2020
72940UJB2	7-012618A	PLUS INTERNATIONAL BANK		01/26/2018	245,000.00	242,802.35	245,000.00	2.200	2.172	2.202	697	01/26/2021
732333AK5	7-053117A	PONCE DE LEON FEDERAL BANK		05/31/2017	245,000.00	238,255.15	245,000.00	2.000	1.974	2.001	1,187	05/31/2022
700654AT3	7-091214	The Park National Bank		09/12/2014	245,000.00	244,529.60	245,000.00	2.150	2.122	2.151	195	09/12/2019
73565NBN2	7-072215A	Portage County Bank		07/22/2015	245,000.00	243,691.70	245,000.00	1.800	1.777	1.802	509	07/22/2020

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Negotiable CD's												
74267GUU9	7-012315	The PrivateBank & Trust Co.		01/23/2015	245,000.00	244,314.00	245,000.00	1.900	1.874	1.900	328	01/23/2020
74048EBS6	7-120718A	PREMIER BANK		12/07/2018	245,000.00	246,046.15	245,000.00	2.900	2.863	2.903	525	08/07/2020
74160NGP9	7-082318A	PRIME ALLIANCE BANK		08/23/2018	245,000.00	245,455.70	245,000.00	2.850	2.814	2.853	906	08/23/2021
74163LAG6	7-101718	PRIMEBANK		10/17/2018	245,000.00	245,847.70	245,000.00	2.850	2.815	2.854	598	10/19/2020
74316VEM3	7-053116A	Profinium, Inc		05/31/2016	245,000.00	244,309.10	245,000.00	1.050	1.037	1.051	91	05/31/2019
74374MAG9	7-111518	PROVIDENCE BANK		11/15/2018	245,000.00	247,190.30	245,000.00	3.150	3.110	3.153	990	11/15/2021
74269KBS4	7-042018C	PRIORITY BANK		04/20/2018	245,000.00	244,081.25	245,000.00	2.400	2.371	2.404	599	10/20/2020
70337MCS5	7-073018	PATRIOT BANK, NATIONAL ASSOCIA		07/30/2018	245,000.00	245,759.50	245,000.00	2.950	2.564	2.600	1,067	01/31/2022
744562AA7	7-102618	PUBLIC SERVICE		10/26/2018	245,000.00	246,624.35	245,000.00	3.050	3.008	3.050	605	10/26/2020
747133CC8	7-103015A	PyraMax Bank		10/30/2015	245,000.00	244,429.15	245,000.00	1.350	1.332	1.351	243	10/30/2019
74909QAJ8	7-122817	QUONTIC BANK		12/28/2017	245,000.00	244,338.50	245,000.00	1.900	1.875	1.901	210	09/27/2019
75272LAD8	7-030918A	RANDOLPH SAVINGS BANK		03/09/2018	245,000.00	243,209.05	245,000.00	2.600	2.564	2.600	1,104	03/09/2022
74938AAA7	7-053117B	RCS BANK		05/31/2017	245,000.00	237,875.40	245,000.00	1.950	1.924	1.951	1,187	05/31/2022
75902GAX3	7-020618	REGIONAL MISSOURI BANK		02/06/2018	245,000.00	241,957.10	245,000.00	2.400	2.324	2.356	1,074	02/07/2022
75946AAL0	7-050317A	RELIANCE BANK		05/03/2017	245,000.00	244,012.65	245,000.00	1.400	1.382	1.401	157	08/05/2019
75950XAB5	7-060315	Reliance Savings Bank		06/03/2015	245,000.00	243,135.55	245,000.00	1.700	1.679	1.702	460	06/03/2020
749622AE6	7-121317	R.I.A. FEDERAL CREDIT UNION		12/13/2017	245,000.00	243,441.80	245,000.00	1.900	1.873	1.899	378	03/13/2020
76881TBR0	7-033115B	Riverland Bank		03/31/2015	245,000.00	244,448.75	245,000.00	1.400	1.382	1.401	152	07/31/2019
77315PBR2	7-072618	ROCKFORD BANK AND TRUST COMPAN		07/26/2018	245,000.00	245,367.50	245,000.00	2.700	2.566	2.602	514	07/27/2020
77311TAB4	7-102518	ROCKET		10/25/2018	245,000.00	246,575.35	245,000.00	3.050	3.011	3.053	969	10/25/2021
76951DAU4	7-050517A	RIVERWOOD BANK		05/05/2017	245,000.00	240,964.85	245,000.00	1.500	1.482	1.503	553	09/04/2020
78658Q3S0	7-071618	SAFRA NATIONAL BK OF NY		07/16/2018	245,000.00	245,112.70	245,000.00	2.450	2.418	2.451	199	09/16/2019
795450D36	7-082317	SALLIE MAE BNK		08/23/2017	245,000.00	240,379.30	245,000.00	2.350	2.318	2.350	1,271	08/23/2022
800523AL6	7-033115A	Sanford Institution For Saving		03/31/2015	240,000.00	238,656.00	240,000.00	1.600	1.580	1.602	396	03/31/2020
804375DH3	7-032216	Sauk Valley Bank & Trust Co.		03/22/2016	245,000.00	241,013.85	245,000.00	1.500	1.480	1.501	752	03/22/2021
805337AM4	7-103118	SAVINGS INSTITUTE BANK AND TRU		10/31/2018	245,000.00	246,695.40	245,000.00	3.150	3.109	3.152	1,340	10/31/2022
78414TAQ5	7-120518A	SB ONE BANK		12/05/2018	245,000.00	245,690.90	245,000.00	2.800	2.764	2.802	370	03/05/2020
78577TBA2	7-042018B	SACO & BIDDEFORD SAVINGS INSTI		04/20/2018	245,000.00	244,539.40	245,000.00	2.450	2.419	2.452	507	07/20/2020
814107AR9	7-112717B	SECURITY BANK		11/27/2017	245,000.00	238,235.55	245,000.00	2.150	2.121	2.151	1,334	10/25/2022
81406RAG5	7-122818B	SECURITY BANK		12/28/2018	245,000.00	245,698.25	245,000.00	2.800	2.760	2.799	392	03/27/2020
81425PAV3	7-013119	SECURITY FIRST BANK		01/31/2019	245,000.00	246,766.45	245,000.00	3.250	3.207	3.252	1,791	01/25/2024
82669LFJ7	7-072215	Signature Bank of Arkansas		07/22/2015	245,000.00	244,365.45	245,000.00	1.650	1.629	1.652	235	10/22/2019
82669VBY6	7-110817A	SIGNATURE BANK		11/08/2017	245,000.00	238,154.70	245,000.00	2.150	2.121	2.150	1,348	11/08/2022
831587AA0	7-102617	SLOVAK SAVINGS BANK		10/26/2017	245,000.00	237,855.80	245,000.00	2.100	2.072	2.101	1,329	10/20/2022
843355BF4	7-051818A	SOUTHERN MICHIGAN BANK & TRUST		05/18/2018	245,000.00	244,331.15	245,000.00	2.950	2.911	2.952	1,539	05/18/2023
814414AA6	7-111615	Security National Bank of SD		11/16/2015	245,000.00	244,282.15	245,000.00	1.400	1.382	1.401	262	11/18/2019

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Negotiable CD's												
845182BQ6	7-082418A	SOUTHWEST NATIONAL BANK		08/24/2018	245,000.00	245,747.25	245,000.00	2.900	2.863	2.903	907	08/24/2021
839145AA7	7-092917	SOUTH OTTUMWA SAVINGS BANK		09/29/2017	245,000.00	237,623.05	245,000.00	2.050	2.023	2.051	1,308	09/29/2022
84287PFU1	7-120718	SOUTHERN FIRST BANK		12/07/2018	245,000.00	246,048.60	245,000.00	2.900	2.743	2.781	557	09/08/2020
84470QJG3	7-012319	SOUTHSIDE BANK		01/23/2019	245,000.00	245,154.35	245,000.00	2.550	2.515	2.550	328	01/23/2020
849430AS2	7-090817C	SPRING BANK		09/08/2017	245,000.00	237,392.75	245,000.00	2.000	1.974	2.001	1,287	09/08/2022
81488PAY1	7-083117A	SECURITY SAVINGS BANK		08/31/2017	245,000.00	239,818.25	245,000.00	1.900	1.875	1.901	914	08/31/2021
81489TAW6	7-032818A	SECURITY STATE BANK		03/28/2018	245,000.00	243,059.60	245,000.00	2.800	2.763	2.802	1,488	03/28/2023
85512RBM3	7-021219A	STAR FINANCIAL BANK		02/12/2019	245,000.00	244,573.70	245,000.00	2.600	2.568	2.603	714	02/12/2021
856309AL3	7-101316A	STATE BANK OF LIZTON		10/13/2016	245,000.00	242,155.55	245,000.00	1.200	1.184	1.201	318	01/13/2020
857894SWO	7-021317	Stearns Bk NA St. Cloud		02/13/2017	245,000.00	242,946.90	245,000.00	1.600	1.578	1.600	346	02/10/2020
843879BD8	7-122917	SOUTHERN STATE BANK		12/29/2017	245,000.00	243,155.15	245,000.00	2.000	1.974	2.001	486	06/29/2020
86063QAB1	7-041218A	STIFEL BANK AND TRUST		04/12/2018	245,000.00	244,941.20	245,000.00	2.700	2.662	2.699	759	03/29/2021
85916VCM5	7-030218	STERLING BANK		03/02/2018	245,000.00	244,206.20	245,000.00	2.300	2.269	2.301	459	06/02/2020
86158RAT6	7-100318	STONE BANK		10/03/2018	245,000.00	245,923.65	245,000.00	3.050	3.010	3.052	1,312	10/03/2022
45157PAG5	7-051117A	ST. PAUL POSTAL EMPLOYEES		05/11/2017	245,000.00	241,366.65	245,000.00	1.750	1.729	1.753	630	11/20/2020
864088DL0	7-110917	STURGIS BANK & TRUST COMPANY		11/09/2017	245,000.00	241,986.50	245,000.00	1.900	1.876	1.902	619	11/09/2020
86604XKP0	7-011516A	Summit Community Bank		01/15/2016	245,000.00	243,525.10	245,000.00	1.800	1.777	1.802	686	01/15/2021
86801MAL5	7-011118A	SUNSTATE BANK		01/11/2018	245,000.00	242,214.35	245,000.00	2.050	2.024	2.052	682	01/11/2021
867352AA4	7-012519	SUNFLOWER BANK NATIONAL ASSOCI		01/25/2019	245,000.00	245,029.40	245,000.00	2.600	2.562	2.598	514	07/27/2020
86789VXR3	7-021219	SUNTRUST BANK		02/12/2019	245,000.00	245,673.75	245,000.00	3.000	2.958	2.999	1,260	08/12/2022
87043DAB3	7-090718A	SWEET WATER STATE BANK		09/07/2018	245,000.00	245,722.75	245,000.00	2.900	2.863	2.903	921	09/07/2021
87164XPQ3	7-022417	SYNCHRONY BANK		02/24/2017	245,000.00	241,173.10	245,000.00	2.300	2.268	2.300	1,091	02/24/2022
89388CCH9	7-030518	TRANSPORTATION ALLIANCE BANK I		03/05/2018	245,000.00	244,463.45	245,000.00	2.300	2.272	2.303	370	03/05/2020
87227RCJ1	7-122618	TCF NAT'L BANK		12/26/2018	245,000.00	245,389.55	245,000.00	2.700	2.663	2.700	483	06/26/2020
872308CR0	7-081018	TCM Bank National Association		08/10/2018	245,000.00	245,178.85	245,000.00	2.650	2.617	2.654	528	08/10/2020
17801GBU2	7-080618	THE CITY NATIONAL BANK OF METR		08/06/2018	245,000.00	246,070.65	245,000.00	3.050	3.010	3.052	1,256	08/08/2022
88241TAT7	7-071316	Texas Exchange Bank, ssb		07/13/2016	245,000.00	243,929.35	245,000.00	1.000	0.986	1.000	133	07/12/2019
062847BP2	7-051316	The Bank of Kaukauna		05/13/2016	245,000.00	239,901.55	245,000.00	1.400	1.382	1.401	804	05/13/2021
21685NAL1	7-110218	THE COOPERATIVE BANK		11/02/2018	245,000.00	245,703.15	245,000.00	2.800	2.763	2.801	521	08/03/2020
303117CR4	7-011119	THE FAHEY BANKING COMPANY		01/11/2019	245,000.00	245,056.35	245,000.00	2.600	2.562	2.598	497	07/10/2020
32117WAD4	7-011819	THE FIRST NATIONAL BANK OF ALB		01/18/2019	245,000.00	245,316.05	245,000.00	2.750	2.614	2.650	690	01/19/2021
366526AT8	7-100218	THE GARRETT STATE BANK		10/02/2018	245,000.00	245,551.25	245,000.00	2.750	2.713	2.751	489	07/02/2020
43732LAA6	7-101018A	THE HOME SAVINGS AND LOAN COM		10/10/2018	245,000.00	245,845.25	245,000.00	2.850	2.811	2.850	592	10/13/2020
743837DR4	7-112318	THE PROVIDENT BANK		11/23/2018	245,000.00	246,670.90	245,000.00	3.050	2.916	2.957	815	05/24/2021
88413QCC0	7-092718	THIRD FEDERAL SAVINGS AND LOA		09/27/2018	245,000.00	246,286.25	245,000.00	3.000	2.959	3.000	941	09/27/2021
88563LAE7	7-100518	THREE RIVERS		10/05/2018	245,000.00	246,046.15	245,000.00	2.900	2.864	2.904	584	10/05/2020

IMPERIAL COUNTY TREASURER
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Negotiable CD's												
88714RBV3	7-010816	Timberwood Bank		01/08/2016	245,000.00	243,554.50	245,000.00	1.700	1.679	1.702	679	01/08/2021
89153HCX6	7-042916	Total Bank		04/29/2016	245,000.00	240,484.65	245,000.00	1.400	1.382	1.401	790	04/29/2021
89214PBP3	7-052418	TOWNE BANK		05/24/2018	245,000.00	245,607.60	245,000.00	2.800	2.762	2.800	634	11/24/2020
89269FDE2	7-052518	TRADE CAPITAL BANK		05/25/2018	245,000.00	245,078.40	245,000.00	2.750	2.715	2.753	816	05/25/2021
89269CBV3	7-013118	TRADITIONS BANK		01/31/2018	245,000.00	239,673.70	245,000.00	2.400	2.368	2.401	1,432	01/31/2023
89579NBY8	7-092818A	TRIAD BANK		09/28/2018	245,000.00	246,558.20	245,000.00	3.050	3.009	3.051	1,215	06/28/2022
89677DET9	7-013118C	TRISTATE CAPITAL BANK		01/31/2018	245,000.00	243,458.95	245,000.00	2.350	1.998	2.026	703	02/01/2021
89267TAC7	7-013019A	Trail West Bank		01/30/2019	245,000.00	242,393.20	245,000.00	2.700	2.665	2.702	1,431	01/30/2023
90348JCR9	7-053018A	UBS BANK USA		05/30/2018	245,000.00	246,251.95	245,000.00	3.150	3.109	3.152	1,551	05/30/2023
90385LCR8	7-092818	ULTIMA BANK MINNESOTA		09/28/2018	245,000.00	246,354.85	245,000.00	3.100	3.060	3.102	1,307	09/28/2022
91330ABB2	7-071715A	Unity Bank - Clinton, NJ		07/17/2015	245,000.00	244,590.85	245,000.00	1.700	1.678	1.701	138	07/17/2019
91435LAG2	7-051418	UNIVERSITY OF IOWA COMMUNITY		05/14/2018	245,000.00	245,306.25	245,000.00	3.050	2.966	3.007	1,536	05/15/2023
91103MDN3	7-081718	UNITED NATIONAL BANK		08/17/2018	245,000.00	245,467.95	245,000.00	2.850	2.814	2.853	900	08/17/2021
90919TAT4	7-011516	Unison Bank		01/15/2016	245,000.00	243,525.10	245,000.00	1.800	1.777	1.802	686	01/15/2021
909557HM5	7-073118	UNITED BANKERS BANK		07/31/2018	245,000.00	245,526.75	245,000.00	2.800	2.766	2.805	700	01/29/2021
91134CBM2	7-042718	UNITED PRAIRIE BANK		04/27/2018	245,000.00	244,522.25	245,000.00	2.450	2.419	2.452	514	07/27/2020
90352RAA3	7-111717A	USALLIANCE		11/17/2017	245,000.00	243,953.85	245,000.00	1.800	1.427	1.447	262	11/18/2019
90840RAA3	7-060316	Union State Bank of West Salem		06/03/2016	245,000.00	244,291.95	245,000.00	1.050	1.036	1.050	94	06/03/2019
919853CL3	7-120518	VALLEY NATIONAL BANK		12/05/2018	245,000.00	245,690.90	245,000.00	2.800	2.764	2.802	370	03/05/2020
92023LAK9	7-092818B	VALLIANCE BANK		09/28/2018	245,000.00	246,286.25	245,000.00	3.000	2.959	3.000	942	09/28/2021
928066AV1	7-033017	VIRGINIA PARTNERS BANK		03/30/2017	245,000.00	242,562.25	245,000.00	1.600	1.580	1.602	395	03/30/2020
92326XDS7	7-021218	VENTURE BANK		02/12/2018	245,000.00	242,753.35	245,000.00	2.300	2.266	2.298	803	05/12/2021
92535LCC6	7-022219	VERUS BANK OF COMMERCE		02/22/2019	245,000.00	241,763.55	245,000.00	2.800	2.763	2.801	1,819	02/22/2024
92559TAA6	7-113018B	VIBRANT		11/30/2018	245,000.00	246,161.30	245,000.00	2.950	2.910	2.950	458	06/01/2020
92834CCB6	7-113016	VISIONBANK OF IOWA		11/30/2016	245,000.00	238,144.90	245,000.00	1.750	1.726	1.750	1,005	11/30/2021
928784EQ6	7-092118	VOLUNTEER STATE BANK		09/21/2018	245,000.00	245,083.30	245,000.00	2.600	2.455	2.489	479	06/22/2020
939693AF4	7-030615A	Washington Savings Bank		03/06/2015	245,000.00	244,982.85	245,000.00	1.350	1.332	1.351	5	03/06/2019
94768NJP0	7-031914	Webster Bank, National Assn		03/19/2014	245,000.00	244,946.10	245,000.00	1.800	1.775	1.800	18	03/19/2019
9497485K9	7-060116	Wells Fargo Bank, NA		06/01/2016	245,000.00	244,291.95	245,000.00	1.250	1.233	1.250	94	06/03/2019
92937CGZ5	7-032318B	WEX BANK		03/23/2018	245,000.00	244,671.70	245,000.00	2.400	2.367	2.400	388	03/23/2020
969294CB1	7-112717	WILLIAMETTE VALLEY BANK		11/27/2017	245,000.00	239,014.65	245,000.00	2.000	2.000	2.028	1,095	02/28/2022
975875AH8	7-021017A	WINTER HILL BANK, FSB		02/10/2017	245,000.00	242,726.40	245,000.00	1.500	1.479	1.500	346	02/10/2020
981571BN1	7-062515	World's Foremost Bank		06/25/2015	200,000.00	198,512.00	200,000.00	2.300	2.271	2.303	482	06/25/2020
956310AE6	7-092316B	WEST TOWN BANK AND TRUST		09/23/2016	245,000.00	239,896.65	245,000.00	1.250	1.234	1.251	572	09/23/2020
95960NJH1	7-102115	Western State Bank -Devils Lak		10/21/2015	245,000.00	240,523.85	245,000.00	1.750	1.726	1.750	600	10/21/2020
98970LBA0	7-022819C	ZIONS BANCORPORATION N.A		02/28/2019	245,000.00	244,630.05	245,000.00	2.500	2.466	2.500	539	08/21/2020

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IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			95,193,750.00		97,950,000.00	97,197,752.69	97,950,000.00		2.158	2.188	749	
Federal Agency Issues - Coupon												
3133EJ7C7	10-020619	Federal Farm Credit Bank		02/06/2019	5,000,000.00	5,010,250.00	5,000,000.00	2.700	2.663	2.700	1,803	02/06/2024
3133EJ4Q9	10-020619A	Federal Farm Credit Bank		02/06/2019	5,000,000.00	4,997,350.00	5,001,800.00	2.550	2.496	2.530	682	01/11/2021
3133EJDE6	10-021618	Federal Farm Credit Bank		02/16/2018	10,000,000.00	9,979,600.00	10,000,000.00	2.570	2.535	2.570	1,448	02/16/2023
3133EKAT3	10-021919	Federal Farm Credit Bank		02/19/2019	7,000,000.00	6,989,640.00	6,996,628.52	2.500	2.485	2.520	902	08/19/2021
3133EFK63	10-030416	Federal Farm Credit Bank		03/04/2016	5,000,000.00	4,934,700.00	5,000,000.00	1.250	1.233	1.250	369	03/04/2020
3133EJHC6	10-032118	Federal Farm Credit Bank		03/21/2018	8,000,000.00	8,008,400.00	8,000,000.00	2.600	2.564	2.600	1,116	03/21/2022
3133EJHD4	10-032218	Federal Farm Credit Bank		03/22/2018	5,000,000.00	4,990,250.00	5,000,000.00	2.480	2.446	2.480	752	03/22/2021
3133EHEC3	10-033017	Federal Farm Credit Bank		03/30/2017	10,000,000.00	9,844,200.00	10,000,000.00	1.800	1.775	1.800	760	03/30/2021
3133EFW52	10-040116	Federal Farm Credit Bank		04/01/2016	7,000,000.00	6,970,320.00	7,000,000.00	1.150	1.134	1.150	122	07/01/2019
3133EF3Y1	10-042116	Federal Farm Credit Bank		04/21/2016	4,000,000.00	3,962,960.00	4,000,000.00	1.020	1.006	1.020	234	10/21/2019
3133EF5T0	10-050316	Federal Farm Credit Bank		05/03/2016	7,000,000.00	6,870,850.00	7,000,000.00	1.700	1.677	1.700	794	05/03/2021
3133EHHG1	10-050317	Federal Farm Credit Bank		05/03/2017	4,952,000.00	4,865,835.20	4,952,000.00	1.750	1.726	1.750	794	05/03/2021
3133EHJA2	10-050817	Federal Farm Credit Bank		05/08/2017	10,000,000.00	9,878,700.00	10,000,000.00	1.550	1.529	1.550	434	05/08/2020
3133EHLG6	10-053017	Federal Farm Credit Bank		05/30/2017	8,000,000.00	7,978,560.00	8,000,000.00	1.320	1.302	1.320	90	05/30/2019
3133EHLH4	10-060117	Federal Farm Credit Bank		06/01/2017	8,000,000.00	7,827,440.00	8,000,000.00	1.875	1.849	1.875	1,188	06/01/2022
3133EET83	10-060315	Federal Farm Credit Bank		06/03/2015	5,000,000.00	4,943,250.00	5,000,000.00	1.650	1.627	1.650	460	06/03/2020
3133EJTB5	10-062718	Federal Farm Credit Bank		06/27/2018	10,000,000.00	10,069,900.00	10,000,000.00	2.800	2.762	2.801	1,153	04/27/2022
3133EJTF6	10-070618	Federal Farm Credit Bank		07/06/2018	10,000,000.00	10,027,800.00	10,000,000.00	2.700	2.663	2.700	854	07/02/2021
3133EJSD2	10-072418	Federal Farm Credit Bank		07/24/2018	10,000,000.00	10,103,400.00	10,000,000.00	2.890	2.850	2.890	1,571	06/19/2023
3133EJVG1	10-072518	Federal Farm Credit Bank		07/25/2018	5,000,000.00	5,003,250.00	5,000,000.00	3.220	3.176	3.220	1,607	07/25/2023
3133EJD48	10-100218	Federal Farm Credit Bank		10/02/2018	10,000,000.00	10,182,100.00	10,000,000.00	3.050	3.008	3.050	1,676	10/02/2023
3133EFKY2	10-102815	Federal Farm Credit Bank		10/28/2015	5,000,000.00	4,963,400.00	5,000,000.00	1.360	1.341	1.360	241	10/28/2019
3133EFND5	10-110515	Federal Farm Credit Bank		11/05/2015	5,000,000.00	4,962,550.00	4,992,250.00	1.370	1.391	1.410	249	11/05/2019
3133EJS83	10-110918	Federal Farm Credit Bank		11/09/2018	8,000,000.00	8,123,680.00	8,000,000.00	3.050	3.009	3.051	1,257	08/09/2022
3133EJL60	10-112916	Federal Farm Credit Bank		11/29/2016	5,675,000.00	5,554,519.75	5,651,108.25	1.760	1.823	1.849	1,004	11/29/2021
3133EHW58	10-120117	Federal Farm Credit Bank		12/01/2017	7,000,000.00	6,917,960.00	7,000,000.00	1.900	1.874	1.900	637	11/27/2020
3133EGX34	10-122016	Federal Farm Credit Bank		12/20/2016	5,000,000.00	4,933,500.00	5,000,000.00	2.080	2.052	2.080	1,025	12/20/2021
313380WG8	10-010417	Federal Home Loan Bank		01/04/2017	8,000,000.00	7,859,840.00	7,940,000.00	1.375	1.563	1.585	560	09/11/2020
3130AAKB3	10-011017	Federal Home Loan Bank		01/10/2017	10,000,000.00	9,868,700.00	10,000,000.00	2.140	2.111	2.140	1,046	01/10/2022
3130ADEV0	10-011718	Federal Home Loan Bank		01/17/2018	10,000,000.00	9,922,900.00	10,000,000.00	2.380	2.347	2.380	1,418	01/17/2023
3130A3XB5	10-012115	Federal Home Loan Bank		01/21/2015	6,500,000.00	6,434,935.00	6,488,300.00	1.400	1.418	1.437	326	01/21/2020
3130AFNZ6	10-012919	Federal Home Loan Bank		01/29/2019	6,000,000.00	5,983,140.00	6,000,000.00	3.000	2.959	3.000	1,795	01/29/2024
3130ADN32	10-020918	Federal Home Loan Bank		02/09/2018	10,000,000.00	9,960,800.00	9,989,300.00	2.120	2.145	2.175	347	02/11/2020
3130AFT31	10-021419	Federal Home Loan Bank		02/14/2019	5,750,000.00	5,750,287.50	5,750,000.00	3.000	2.959	3.000	1,811	02/14/2024
3130AATR9	10-022417	Federal Home Loan Bank		02/24/2017	7,000,000.00	6,913,550.00	7,000,000.00	2.070	2.042	2.070	1,091	02/24/2022

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IMPERIAL COUNTY TREASURER
Portfolio Management
Portfolio Details - Investments
February 28, 2019

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3130A7CV5	10-030216	Federal Home Loan Bank		03/02/2016	5,000,000.00	4,890,700.00	4,983,750.00	1.375	1.423	1.443	720	02/18/2021
3130A7HM0	10-032916	Federal Home Loan Bank		03/29/2016	5,000,000.00	4,996,200.00	5,000,000.00	1.250	1.233	1.250	28	03/29/2019
3130AB2F2	10-032917	Federal Home Loan Bank		03/29/2017	5,000,000.00	4,950,250.00	5,000,000.00	2.200	2.170	2.200	1,124	03/29/2022
3130A7M85	10-033016	Federal Home Loan Bank		03/30/2016	5,000,000.00	4,969,750.00	5,000,000.00	1.250	1.233	1.250	180	08/28/2019
3130A7T88	10-042916	Federal Home Loan Bank		04/29/2016	10,000,000.00	9,773,100.00	10,000,000.00	1.440	1.420	1.440	790	04/29/2021
3130AECJ7	10-052318	Federal Home Loan Bank		05/23/2018	7,000,000.00	7,005,740.00	7,000,000.00	2.625	2.589	2.625	454	05/28/2020
3130A7CV5	10-053116	Federal Home Loan Bank		05/31/2016	4,000,000.00	3,912,560.00	3,996,000.00	1.375	1.378	1.397	720	02/18/2021
3130A8H48	10-070116	Federal Home Loan Bank		07/01/2016	7,000,000.00	6,870,500.00	7,000,000.00	1.150	1.134	1.150	488	07/01/2020
3130A9B75	10-082916	Federal Home Loan Bank		08/29/2016	6,750,000.00	6,621,142.50	6,746,625.00	1.250	1.252	1.269	546	08/28/2020
313380GJO	10-102017	Federal Home Loan Bank		10/20/2017	7,000,000.00	6,858,880.00	7,000,000.00	2.000	1.972	2.000	1,288	09/09/2022
3130AEYYO	10-102618	Federal Home Loan Bank		10/26/2018	10,000,000.00	10,103,000.00	10,000,000.00	2.950	2.910	2.951	1,222	07/05/2022
3130AABG2	10-121616	Federal Home Loan Bank		12/16/2016	10,000,000.00	9,825,600.00	9,848,200.00	1.875	2.171	2.201	1,004	11/29/2021
3130A6UX3	10-122815	Federal Home Loan Bank		12/28/2015	5,000,000.00	4,984,200.00	5,000,000.00	1.500	1.479	1.500	119	06/28/2019
Subtotal and Average			334,874,350.58		339,627,000.00	337,350,139.95	339,335,961.77		2.060	2.089	879	
Total and Average			655,934,070.75		516,526,000.00	513,496,892.64	516,234,961.77		2.114	2.144	732	

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity By Type
February 1, 2019 through February 28, 2019

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
LAIF / HIGHMARK CAPITAL / ZBA (Monthly Summary)								
Subtotal			64,500,000.00					64,500,000.00
Certificates of Deposit - Bank								
4-022219	4-022219	Academy Bank N.A.		2.900	02/22/2019	245,000.00	0.00	
SYS 4-072117	4-072117	Academy Bank N.A.		1.500	02/22/2019	0.00	245,000.00	
4-021319B	4-021319B	Broadway Federal Bank		2.600	02/13/2019	100,000.00	0.00	
SYS 4-030218	4-030218	Broadway Federal Bank		1.540	02/02/2019	0.00	99,000.00	
SYS 4-022417	4-022417	CIT Bank N.A.		1.450	02/24/2019	0.00	245,000.00	
4-020519	4-020519	HAB Bank		2.750	02/05/2019	245,000.00	0.00	
SYS 4-080517	4-080517	HAB Bank		1.600	02/05/2019	0.00	245,000.00	
4-020619	4-020619	Heritage Bank of St. Tammany		2.700	02/06/2019	245,000.00	0.00	
4-021319A	4-021319A	Modem Bank National Associatr		3.010	02/13/2019	245,000.00	0.00	
4-021319	4-021319	Northern Bank & Trust Company		2.750	02/13/2019	245,000.00	0.00	
4-020619A	4-020619A	Northwest Bank		2.700	02/06/2019	245,000.00	0.00	
Subtotal			13,713,000.00			1,570,000.00	834,000.00	14,449,000.00
Negotiable CD's								
02616AAB5	7-022819	AMERICAN FIRST		2.550	02/28/2019	245,000.00	0.00	
05581WL45	7-021519	BMO HARRIS BANK NATIONAL ASSOC		3.000	02/15/2019	245,000.00	0.00	
15721UCW7	7-021419	CF BANK NATIONAL ASSOCIATION		2.800	02/14/2019	245,000.00	0.00	
19646PAD6	7-022819D	COLORADO FEDERAL SAVINGS BANK		2.550	02/28/2019	245,000.00	0.00	
29367ACP6	7-021214	Enterprise Bank & Trust Co		1.750	02/12/2019	0.00	245,000.00	
30810NBN5	7-022219B	FARMERS AND MERCHANT BANK		2.600	02/22/2019	245,000.00	0.00	
320165JD6	7-022719	FIRST FARMERS B&TC		2.650	02/27/2019	245,000.00	0.00	
32100LBY0	7-021319	FIRST MISSOURI STATE BANK OF C		2.850	02/13/2019	245,000.00	0.00	
458657LT8	7-022219A	INTERCREDIT BANK NA		2.650	02/22/2019	245,000.00	0.00	
49228XAA8	7-022719A	KERN SCHOOLS		2.800	02/27/2019	245,000.00	0.00	
56034WAS0	7-020119	MAIN STREET BANK CORP		2.950	02/01/2019	245,000.00	0.00	
619165HZ9	7-022819A	MORTON COMMUNITY BANK		2.750	02/28/2019	245,000.00	0.00	
628779FC9	7-020514B	NBT Bank, National Association		1.750	02/05/2019	0.00	245,000.00	
63983RBC2	7-022819B	NEEDHAM BANK		2.550	02/28/2019	245,000.00	0.00	
707312AL8	7-022019	PENN COMMUNITY BANK		2.600	02/20/2019	245,000.00	0.00	
85512RBM3	7-021219A	STAR FINANCIAL BANK		2.600	02/12/2019	245,000.00	0.00	
86789VXR3	7-021219	SUNTRUST BANK		3.000	02/12/2019	245,000.00	0.00	
92535LCC6	7-022219	VERUS BANK OF COMMERCE		2.800	02/22/2019	245,000.00	0.00	
98970LBA0	7-022819C	ZIONS BANCORPORATION N.A		2.500	02/28/2019	245,000.00	0.00	

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity By Type
February 1, 2019 through February 28, 2019

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
Subtotal			94,275,000.00			4,165,000.00	490,000.00	97,950,000.00
Federal Agency Issues - Coupon								
3133EFVD6	10-020116	Federal Farm Credit Bank		1.320	02/01/2019	0.00	1,500,000.00	
3133EJ7C7	10-020619	Federal Farm Credit Bank		2.700	02/06/2019	5,000,000.00	0.00	
3133EJ4Q9	10-020619A	Federal Farm Credit Bank		2.550	02/06/2019	5,001,800.00	0.00	
3133EKAT3	10-021919	Federal Farm Credit Bank		2.500	02/19/2019	6,996,628.52	0.00	
3133EFYS0	10-032216A	Federal Farm Credit Bank		1.150	02/22/2019	0.00	5,989,200.00	
3130AFT31	10-021419	Federal Home Loan Bank		3.000	02/14/2019	5,750,000.00	0.00	
3130AFT31	10-021419	Federal Home Loan Bank		3.000	02/14/2019	5,750,000.00	0.00	
Subtotal			468,068,908.25			28,498,428.52	7,489,200.00	489,078,136.77
Treasurer's Cash (Monthly Summary)								
SYS17-	17-	Treasurers Cash				87,902,928.42	119,983,239.35	
Subtotal			183,168,492.74			87,902,928.42	119,983,239.35	151,088,181.81
Total			823,725,400.99			122,136,356.94	128,796,439.35	817,065,318.58

IMPERIAL COUNTY TREASURER
Portfolio Management
Activity Summary
February 2018 through February 2019

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
February	2018	446	464,121,412.25	1.612	1.634	1.200	16	11	1,211	703
March	2018	446	474,941,412.25	1.654	1.677	1.200	27	19	1,214	712
April	2018	461	476,556,412.25	1.701	1.725	1.510	11	5	1,213	689
May	2018	457	476,302,592.25	1.648	1.671	1.510	16	14	1,209	684
June	2018	453	474,150,892.25	1.680	1.704	1.510	2	12	1,206	691
July	2018	459	492,643,062.25	1.809	1.834	1.900	18	12	1,226	722
August	2018	464	494,113,062.25	1.819	1.844	1.900	18	12	1,223	702
September	2018	444	487,348,483.25	1.871	1.897	2.160	19	29	1,220	695
October	2018	449	498,573,483.25	1.947	1.974	2.160	22	17	1,237	725
November	2018	477	497,478,483.25	1.991	2.019	2.160	20	7	1,241	731
December	2018	478	496,398,483.25	2.036	2.064	2.400	19	4	1,237	712
January	2019	493	496,564,733.25	2.071	2.099	2.400	23	7	1,243	715
February	2019	517	516,234,961.77	2.114	2.144	2.400	28	8	1,246	732
Average		465	488,109,805.67	1.843%	1.868%	1.878	18	12	1,225	709

IMPERIAL COUNTY TREASURER
Portfolio Management
Distribution of Investments By Type
February 2018 through February 2019

Security Type	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018	September 2018	October 2018	November 2018	December 2018	January 2019	February 2019	Average by Period
LAIF / HIGHMARK CAPITAL / ZBA Repurchase Agreements	13.9	13.6	13.5	13.5	13.6	13.1	13.1	13.2	12.9	13.0	13.0	13.0	12.5	13.2%
Certificates of Deposit - S & L														
Certificates of Deposit - Bank	2.2	2.0	2.0	2.1	2.1	2.0	2.0	2.1	2.4	2.5	2.5	2.8	2.8	2.3%
Treasury Securities - Coupon														
Mortgage Backed Securities														
Negotiable CD's	17.9	18.0	18.3	18.4	18.0	17.4	17.7	17.5	17.0	17.6	18.4	19.0	19.0	18.0%
Treasury Securities - Discount														
Mutual Funds														
Federal Agency Issues - Coupon	66.0	66.4	66.2	66.0	66.3	67.5	67.3	67.2	67.7	67.0	66.1	65.3	65.7	66.5%
Commercial Paper - Interest Bearing														
Commercial Paper - Discount														
Miscellaneous Securities - Coupon														
Miscellaneous Securities - Discount														
Bankers Acceptances														
Federal Agency Issues - Discount														
Treasurer's Cash														

IMPERIAL COUNTY TREASURER
Portfolio Management
Interest Earnings Summary
February 28, 2019

	February 28 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	920,654.39	5,442,167.54
Plus Accrued Interest at End of Period	1,749,709.87	1,753,001.16
Less Accrued Interest at Beginning of Period	(1,914,744.28)	(1,671,429.04)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
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Interest Earned during Period	755,619.98	5,523,739.66
Adjusted by Capital Gains or Losses	10,800.00	14,641.00
	<hr/>	<hr/>
Earnings during Periods	766,419.98	5,538,380.66
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
	<hr/>	<hr/>
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
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Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	0.00	1,047,255.03
Plus Accrued Interest at End of Period	379,462.95	379,462.95
Less Accrued Interest at Beginning of Period	(260,712.24)	(435,482.84)
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Interest Earned during Period	118,750.71	991,235.14
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Total Interest Earned during Period	874,370.69	6,514,974.80
Total Capital Gains or Losses	10,800.00	14,641.00
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Total Earnings during Period	885,170.69	6,529,615.80