<u>NEW ISSUE—FULL BOOK-ENTRY</u> **RATING: Moody's: "Aa3"**
(See "MISCELLANEOUS – Rating")

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) 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 imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. (See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$56,430,000
EL MONTE UNION HIGH SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2018 General Obligation Bonds, Series A

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

This cover page contains certain information for quick 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. Capitalized terms used on this cover page but not otherwise defined shall have the meanings assigned thereto herein.

The El Monte Union High School District (Los Angeles County, California) Election of 2018 General Obligation Bonds, Series A (the "Bonds"), were authorized at an election of the registered voters of the El Monte Union High School District (the "District") held on November 6, 2018, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $190,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to 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 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 (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on June 1 and December 1 of each year, commencing December 1, 2019. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.

MATURITY SCHEDULE
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about June 4, 2019.

RBC Capital Markets®

Dated: May 7, 2019

MATURITY SCHEDULE

$56,430,000
EL MONTE UNION HIGH SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2018 General Obligation Bonds, Series A

Base CUSIP†: 283353

$25,980,000 Current Interest Serial Bonds

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2020	$4,185,000	4.000%	1.340%	TD2
2021	4,500,000	4.000	1.350	TE0
2022	3,740,000	4.000	1.360	TF7
2027	155,000	5.000	1.550	TG5
2028	245,000	5.000	1.620(1)	TH3
2029	345,000	5.000	1.710(1)	TJ9
2030	455,000	5.000	1.870(1)	TK6
2031	570,000	5.000	1.970(1)	TL4
2032	695,000	4.000	2.250(1)	TM2
2033	825,000	4.000	2.380(1)	TN0
2034	965,000	4.000	2.470(1)	TP5
2035	1,115,000	4.000	2.570(1)	TQ3
2036	1,275,000	4.000	2.690(1)	TR1
2037	1,440,000	4.000	2.740(1)	TS9
2038	1,625,000	4.000	2.780(1)	TT7
2039	1,820,000	4.000	2.820(1)	TU4
2040	2,025,000	4.000	2.880(1)	TX8

$10,450,000 – 4.000% Term Bonds due June 1, 2044 – Yield 2.980 %(1); CUSIP Suffix†: TV2

$20,000,000 – 5.000% Term Bonds due June 1, 2049 – Yield 2.710 %(1); CUSIP Suffix†: TW0

(1) Yield to call at par on June 1, 2027.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. 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 not so authorized should not be relied upon as having been given or authorized by the District.

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, in reliance upon exemptions provided thereunder. 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.

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

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

The 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."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 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 HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

EL MONTE UNION HIGH SCHOOL DISTRICT

Board of Trustees

David Diaz, *President*
Florencio F. Briones, *Vice President*
Ricardo Padilla, *Clerk*
Maria Morgan, *Member*
Carlos G. Salcedo, *Member*

District Administration

Dr. Edward Zuniga, *Superintendent*
Wael H. Elatar, *Chief Business Official*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

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

Paying Agent, Registrar and Transfer Agent

U.S. Bank National Association,
as agent of the
Treasurer and Tax Collector of the County of Los Angeles
Los Angeles, California

TABLE OF CONTENTS

TABLE OF CONTENTS

Page

$56,430,000
EL MONTE UNION HIGH SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2018 General Obligation Bonds, Series A

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of El Monte Union High School District (Los Angeles County, California) Election of 2018 General Obligation Bonds, Series A (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 and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, the Governor has released a revision to the proposed State budget for fiscal year 2019-20. Accordingly, information under the heading "DISTRICT FINANCIAL INFORMATION – State Assistance" has been updated to summarize the revision to the proposed State budget.

The District

The El Monte Union High School District (the "District") was established in 1901. The District encompasses approximately 22.38 square miles and is located in the eastern portion of Los Angeles County (the "County"), serving all or a portion of the communities of El Monte, South El Monte, Temple City, Arcadia and Rosemead. The District currently operates five high schools, one continuation high school, one community day school and two adult schools. For fiscal year 2018-19, the District has projected an average daily attendance ("ADA") of 8,221 students, and taxable property within the District has an assessed valuation of $14,912,788,049.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Dr. Edward Zuniga is currently the District Superintendent.

See "EL MONTE UNION HIGH SCHOOL DISTRICT" and "DISTRICT FINANCIAL INFORMATION" for information regarding the District generally and "TAX BASE FOR REPAYMENT OF BONDS" herein for information regarding the District's assessed valuation. The audited financial statements of the District for fiscal year ending June 30, 2018, are attached hereto as APPENDIX B, and should be read in their entirety.

Purpose of the Bonds

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuing the Bonds. See "THE BONDS –

Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to certain provisions of the Government Code and California Constitution, and a resolution adopted by the Board of Trustees of the District on March 6, 2019 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to 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. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered book-entry form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. See "THE BONDS – General Provisions" and "– Book-Entry Only System" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the 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 further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery"). Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each June 1 and December 1, commencing December 1, 2019 (each, a "Bond Payment Date"). Principal of the Bonds is payable on June 1, in the amounts and years as shown on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the designated paying agent, registrar and transfer agent for the Bonds (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed by the Treasurer and Tax Collector of the County (the "Treasurer") to act as Paying Agent.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), based on existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) 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 imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about June 4, 2019.

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS," "DISTRICT FINANCIAL INFORMATION" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners of the Bonds that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate relating to disclosure of annual financial information and notices of certain events executed by the District as of the date of issuance and delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. These covenants are being made in order to assist the Underwriter (as defined herein) to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" herein. See also APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Isom Advisors, a Division of Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the District. Stradling Yocca Carlson & Rauth, a Professional Corporation, and Isom Advisors will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the El Monte Union High School District, 3537 Johnson Avenue, El Monte, California 91731. The District may impose a charge for copying, mailing and handling.

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 herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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 herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, 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 herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution (as defined herein).

THE BONDS

Authority for Issuance

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 Government Code (the "Act"), Article XIIIA of the California Constitution and pursuant to the Resolution. The District received authorization at an election held on November 6, 2018 by more than fifty-five percent of the votes cast by eligible voters within the District to issue $190,000,000 aggregate principal amount of general obligation bonds (the "Authorization"). The Bonds are the first issuance of bonds pursuant to the Authorization, and following the issuance thereof $132,270,000 of the Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), upon all property within the District subject to taxation thereby, for the payment of the principal of and interest on the Bonds when due.

Such *ad valorem* property 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 thereon when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, 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 in future years. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) established by the Resolution, which is required to be segregated and maintained by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, 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 and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds as described above 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 rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, wildfire, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, 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.

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, both as to 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 California Constitution. The statutory lien provision does not specify the relative priority of obligations so 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 amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from the Date of Delivery, and is payable semiannually on each Bond Payment Date, commencing December 1, 2019. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before November 15, 2019, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on June 1, in the years and amounts set forth on the inside cover page hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the designated office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day. Such interest is to be paid by wire transfer on such Bond Payment Date to such registered Owner to the bank and account number on file with the Paying Agent as of the Record Date. The Paying

Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. See "THE BONDS – Book-Entry Only System" herein.

Payment of interest on any Current Interest Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. 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 "THE BONDS – Book-Entry Only System" herein.

[REMAINDER OF PAGE LEFT BLANK]

Annual Debt Service

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

Year Ending June 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
2020	$4,185,000.00	$2,454,275.83	$6,639,275.83
2021	4,500,000.00	2,307,500.00	6,807,500.00
2022	3,740,000.00	2,127,500.00	5,867,500.00
2023	--	1,977,900.00	1,977,900.00
2024	--	1,977,900.00	1,977,900.00
2025	--	1,977,900.00	1,977,900.00
2026	--	1,977,900.00	1,977,900.00
2027	155,000.00	1,977,900.00	2,132,900.00
2028	245,000.00	1,970,150.00	2,215,150.00
2029	345,000.00	1,957,900.00	2,302,900.00
2030	455,000.00	1,940,650.00	2,395,650.00
2031	570,000.00	1,917,900.00	2,487,900.00
2032	695,000.00	1,889,400.00	2,584,400.00
2033	825,000.00	1,861,600.00	2,686,600.00
2034	965,000.00	1,828,600.00	2,793,600.00
2035	1,115,000.00	1,790,000.00	2,905,000.00
2036	1,275,000.00	1,745,400.00	3,020,400.00
2037	1,440,000.00	1,694,400.00	3,134,400.00
2038	1,625,000.00	1,636,800.00	3,261,800.00
2039	1,820,000.00	1,571,800.00	3,391,800.00
2040	2,025,000.00	1,499,000.00	3,524,000.00
2041	2,245,000.00	1,418,000.00	3,663,000.00
2042	2,480,000.00	1,328,200.00	3,808,200.00
2043	2,730,000.00	1,229,000.00	3,959,000.00
2044	2,995,000.00	1,119,800.00	4,114,800.00
2045	3,285,000.00	1,000,000.00	4,285,000.00
2046	3,620,000.00	835,750.00	4,455,750.00
2047	3,975,000.00	654,750.00	4,629,750.00
2048	4,355,000.00	456,000.00	4,811,000.00
2049	4,765,000.00	238,250.00	5,003,250.00
Total	$56,430,000.00	$48,362,125.83	$104,792,125.83

(1) Interest payments on the Bonds will be made semiannually on June 1 and December 1 of each year, commencing December 1, 2019.

See "EL MONTE UNION HIGH SCHOOL DISTRICT – District Debt Structure" herein for a debt service schedule of all the District's outstanding general obligation bond debt.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities and to pay the costs of issuance thereof. The net proceeds from the sale of the Bonds will be paid to the County to the credit of the "El Monte Union High School District Election of 2018 General Obligation Bonds Series A Building Fund" (the "Building Fund"), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

Any premium received by the County from the sale of the Bonds, as well as *ad valorem* property taxes levied by the County for the payment of the Bonds when collected, shall be kept separate and apart in the fund created by the Resolution and designated as the "El Monte Union High School District Election of 2018 General Obligation Bonds, Series A Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payment of principal of and interest on the Bonds. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. If, after all of the Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Moneys in the Building Fund and Debt Service Fund will be invested through the Los Angeles County Treasury Pool. See "APPENDIX E - LOS ANGELES COUNTY TREASURY POOL" herein.

Redemption

Optional Redemption. The Bonds maturing on or before June 1, 2027 are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after June 1, 2028 may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on June 1, 2027 or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 2044 (the "2044 Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on June 1 of each year, on and after June 1, 2041, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of the 2044 Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (June 1)	Principal Amount
2041	$2,245,000
2042	2,480,000
2043	2,730,000
2044(1)	2,995,000
Total	$10,450,000

(1) Maturity.

In the event that the 2044 Term Bonds are optionally redeemed in part, the remaining mandatory sinking fund payments with respect to such 2044 Term Bonds shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect to the portion of such 2044 Term Bonds optionally redeemed.

The Bonds maturing on June 1, 2049 (the "2049Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on June 1 of each year, on and after June 1, 2045, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of the 2049 Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (June 1)	Principal Amount
2045	$3,285,000
2046	3,620,000
2047	3,975,000
2048	4,355,000
2049[1]	4,765,000
Total	$20,000,000

---

[1] Maturity.

In the event that the 2049 Term Bonds are optionally redeemed in part, the remaining mandatory sinking fund payments with respect to such 2049 Term Bonds shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount, in respect to the portion of such 2049 Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption as directed by the District, and if not so directed by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in the principal amount of $5,000 or any integral multiple thereof.

Redemption Notice. When optional redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will 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 portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified 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, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance,” the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance,” and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “—Defeasance,” such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the

Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. The District and the Underwriter cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants (as defined herein) (collectively, the "DTC Participants") will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, 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 certificate will be issued for each of maturity of the Bonds, each in the aggregate principal amount of such bond, 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference to such website.

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 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 certificates 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 redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 or distributions 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 Paying Agent, on the payable date in accordance with their respective holdings shown on

DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the 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 or distributions 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.

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, Bond 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, Bond certificates will be printed and delivered to DTC.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of, premium and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount (which with respect to outstanding Bonds means the principal amount thereof) upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bonds at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. 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 by either Moody's Investors Service ("Moody's") or by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P").

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	$56,430,000.00
Original Issue Premium	6,183,716.85
Total Sources	$62,613,716.85

Uses of Funds

Deposit to Building Fund	$56,065,000.00
Deposit to Debt Service Fund	5,957,996.85
Costs of Issuance(1)	365,000.00
Underwriter's Discount	225,720.00
Total Uses	$62,613,716.85

(1) Represents all costs of issuance to be paid from proceeds of the Bonds, including municipal advisory and legal fees, printing costs, the costs and fees of the Paying Agent, and other costs of issuance of the Bonds.

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 solely from* ad valorem *property taxes levied and collected by the County 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

District property taxes are assessed and collected by the County at the same time and on the same tax rolls as county, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located within the boundaries of the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Property not attached to land, such as personal or business property, is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "— Secured Tax Charges and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The following represents the 10-year history of assessed valuations in the District.

ASSESSED VALUATIONS
Fiscal Year 2009-10 through 2018-19
El Monte Union High School District

Fiscal Year	Secured	Utility	Unsecured	Total	% Change
2009-10	$10,442,024,995	$2,478,287	$489,443,057	$10,933,946,339	--
2010-11	10,396,512,017	2,489,669	430,974,623	10,829,976,309	(0.95)%
2011-12	10,608,373,926	2,492,261	417,909,106	11,028,775,293	1.84
2012-13	10,793,146,923	2,492,375	415,219,852	11,210,859,150	1.65
2013-14	11,165,022,220	2,492,171	404,095,763	11,571,610,154	3.22
2014-15	11,616,120,455	2,491,505	418,016,410	12,036,628,370	4.02
2015-16	12,198,394,163	2,201,729	400,884,475	12,601,480,367	4.69
2016-17	12,850,392,645	2,839,972	415,556,840	13,268,789,457	5.30
2017-18	13,616,391,749	418,036	424,920,411	14,041,730,196	5.83
2018-19	14,387,907,097	418,036	524,462,916	14,912,788,049	6.20

Source: California Municipal Statistics, Inc.; Percent change figures provided by the Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that property tax appeals, actions by a county assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the BOE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction. The following table shows the District's assessed valuation by jurisdiction for fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY JURISDICTION
Fiscal Year 2018-19
El Monte Union High School District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Arcadia	$294,585,717	1.98%	$16,602,075,687	1.77%
City of Baldwin Park	33,531,223	0.22	4,882,763,579	0.69
City of El Monte	7,879,938,643	52.84	7,879,938,643	100.00
City of Industry	17,895,756	0.12	9,293,155,324	0.19
City of Irwindale	163,382,872	1.10	2,567,413,272	6.36
City of Monrovia	5,843,057	0.04	5,695,935,492	0.10
City of Rosemead	2,156,040,366	14.46	4,656,776,448	46.30
City of San Gabriel	358,354,332	2.40	5,305,816,694	6.75
City of South El Monte	2,360,757,544	15.83	2,360,757,544	100.00
City of Temple City	980,236,767	6.57	5,219,651,167	18.78
Unincorporated Los Angeles County	662,221,772	4.44	$107,666,068,683	0.62
Total District	$14,912,788,049	100.00%		
Los Angeles County	$14,912,788,049	100.00%	$1,518,401,584,349	0.98%

Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
El Monte Union High School District

Non-Residential:	**2018-19 Assessed Valuation[(1)]**	**% of Total**	**No. of Parcels**	**% of Total**
Agricultural	$31,497,304	0.22%	7	0.02%
Commercial/Office Building	2,091,390,410	14.54	1,605	4.78
Vacant Commercial	115,668,421	0.80	191	0.57
Industrial	2,182,832,457	15.17	1,736	5.17
Vacant Industrial	40,417,976	0.28	169	0.50
Recreational	51,625,164	0.36	26	0.08
Government/Social/Institutional	95,921,748	0.67	555	1.65
Water Companies	44,486,939	0.31	66	0.20
Miscellaneous	93,490,450	0.65	94	0.28
Subtotal Non-Residential	$4,747,330,869	33.00%	4,449	13.25%
Residential:				
Single Family Residence	$6,989,495,817	48.58%	22,444	66.85%
Condominium/Townhouse	554,875,940	3.86	1,937	5.77
Mobile Home Park	67,318,507	0.47	60	0.18
2-4 Residential Units	1,142,645,923	7.94	3,283	9.78
5+ Residential Units/Apartments	847,213,423	5.89	834	2.48
Vacant Residential	39,026,618	0.27	567	1.69
Subtotal Residential	$9,640,576,228	67.00%	29,125	86.75%
Total	$14,387,907,097	100.00%	33,574	100.00%

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

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
El Monte Union High School District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	22,444	$6,989,495,817	$311,419	$286,789

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	41	0.183%	0.183%	$726,352	0.010%	0.010%
25,000 - 49,999	1,064	4.741	4.923	44,595,012	0.638	0.648
50,000 - 74,999	1,497	6.670	11.593	90,639,771	1.297	1.945
75,000 - 99,999	695	3.097	14.690	60,144,479	0.860	2.806
100,000 - 124,999	550	2.451	17.140	62,229,047	0.890	3.696
125,000 - 149,999	795	3.542	20.683	109,866,401	1.572	5.268
150,000 - 174,999	997	4.442	25.125	160,939,618	2.303	7.571
175,000 - 199,999	1,136	5.061	30.186	213,399,434	3.053	10.624
200,000 - 224,999	1,377	6.135	36.322	293,215,776	4.195	14.819
225,000 - 249,999	1,306	5.819	42.140	309,840,788	4.433	19.252
250,000 - 274,999	1,223	5.449	47.590	320,341,085	4.583	23.835
275,000 - 299,999	1,049	4.674	52.263	301,211,787	4.309	28.144
300,000 - 324,999	1,102	4.910	57.173	344,390,369	4.927	33.072
325,000 - 349,999	928	4.135	61.308	313,198,698	4.481	37.553
350,000 - 374,999	955	4.255	65.563	346,424,512	4.956	42.509
375,000 - 399,999	856	3.814	69.377	331,573,489	4.744	47.253
400,000 - 424,999	884	3.939	73.316	364,676,291	5.217	52.470
425,000 - 449,999	889	3.961	77.277	389,280,395	5.570	58.040
450,000 - 474,999	868	3.867	81.144	400,891,684	5.736	63.775
475,000 - 499,999	679	3.025	84.169	331,092,811	4.737	68.512
500,000 and greater	3,553	15.831	100.000	2,200,818,018	31.488	100.000
Total	22,444	100.000%		$6,989,495,817	100.000%	

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

[REMAINDER OF PAGE LEFT BLANK]

Tax Levies, Collections and Delinquencies

The following table shows secured *ad valorem* property tax levies within the District, and amounts delinquent as of June 30, for fiscal years 2008-09 through 2017-18.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2008-09 through 2017-18
El Monte Union High School District

Fiscal Year	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2008-09	$10,899,628.09	$509,933.89	4.68%
2009-10	10,973,138.26	376,129.15	3.43
2010-11	10,915,308.59	261,669.03	2.40
2011-12	11,160,225.64	232,636.78	2.08
2012-13	11,400,630.48	204,752.63	1.80
2013-14	11,799,645.49	173,881.88	1.47
2014-15	12,312,665.29	177,351.17	1.44
2015-16	12,930,846.43	183,417.24	1.42
2016-17	13,590,172.36	161,436.23	1.19
2017-18	14,480,196.63	179,919.19	1.24

Fiscal Year	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2008-09	$5,252,170.24	$216,458.61	4.12%
2009-10	9,906,643.64	361,584.04	3.65
2010-11	8,714,213.32	238,464.44	2.74
2011-12	10,029,777.04	197,300.30	1.97
2012-13	9,593,893.27	162,733.00	1.70
2013-14	10,837,524.12	131,161.74	1.21
2014-15	9,703,967.45	107,498.44	1.11
2015-16	11,127,532.70	114,979.36	1.03
2016-17	10,830,242.55	127,704.49	1.18
2017-18	11,209,817.14	118,461.18	1.06

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rate.
(2) Bond debt service levy only.
Source: California Municipal Statistics, Inc.

[REMAINDER OF PAGE LEFT BLANK]

Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2016-17 fiscal year, such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed value, levied by all taxing entities in a typical tax rate area ("TRA") within the District during the five-year fiscal year period from 2014-15 to 2018-19.

TYPICAL TOTAL TAX RATES (TRA 3621) [(1)]
Fiscal Years 2014-15 through 2018-19
El Monte Union High School District

	2014-15	2015-16	2016-17	2017-18	2018-19
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
City of El Monte	.150000	.150000	.150000	.150000	.150000
El Monte City School District	.118221	.146421	.146822	.146159	.145802
El Monte Union High School District	.084178	.091554	.084688	.082430	.087930
Rio Hondo Community College District	.028214	.027116	.028083	.027483	.025544
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.384113%	1.418591%	1.413093%	1.409572%	1.412776%

(1) Fiscal year 2018-19 assessed valuation of TRA 3621 is $2,455,289,180.
Source: California Municipal Statistics, Inc.

Principal Taxpayers

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. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. 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.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2018-19
El Monte Union High School District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	GLC El Monte LLC	Industrial	$96,236,997	0.67%
2.	MGP XI El Monte Center LLC	Shopping Center & Auto Dealership	87,913,796	0.61
3.	Rosemead Place LLC	Shopping Center	50,954,679	0.35
4.	Penske Realty Inc.	Auto Dealership	42,497,409	0.30
5.	Wells Fargo Bank	Office Building	39,656,408	0.28
6.	Multi Investment Associates	Office Building	38,597,751	0.27
7.	Natmi LPF Core II LLC	Industrial	37,230,000	0.26
8.	Telstar Investments LP	Industrial	37,208,165	0.26
9.	San Gabriel Valley Water Co.	Water Company	34,411,729	0.24
10.	Safeway Inc.	Industrial	34,275,828	0.24
11.	TRPF 4187 Temple City Boulevard LP	Industrial	32,850,000	0.23
12.	Cathay Bank	Office Building	32,252,281	0.22
13.	First Plus Co.	Race Track	30,705,047	0.21
14.	Hanson Aggregates West Inc.	Industrial	30,274,737	0.21
15.	9920 Valley Blvd. LP	Hotel	28,629,533	0.20
16.	Santa Fe Trail Holdings LLC	Shopping Center	27,236,780	0.19
17.	Pace Center LLC	Commercial	26,587,778	0.18
18.	ACEM LLC	Industrial	25,144,530	0.17
19.	Driftwood Dairy	Dairy	24,413,967	0.17
20.	Gill Corporation	Industrial	24,096,425	0.17
			$781,173,840	5.43%

(1) 2018-19 local secured assessed valuation: $14,387,907,097.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

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

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

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
El Monte Union High School District

2018-19 Assessed Valuation: $14,912,788,049

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/19
Metropolitan Water District	0.511%	$245,536
Pasadena Area Community College District	6.651	4,883,829
Rio Hondo Community College District	23.175	32,961,298
El Monte Union High School District	**100.000**	**137,855,981**(1)
El Monte School District	100.000	119,240,654
Mountain View School District	100.000	31,300,000
Rosemead School District	100.000	46,226,503
City of Arcadia	1.774	188,133
City of Industry	0.193	136,818
Los Angeles County Regional Park and Open Space Assessment District	0.982	133,748
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$373,172,500
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	0.982%	$21,230,021
Los Angeles County Superintendent of Schools Certificates of Participation	0.982	57,230
El Monte Union High School District General Fund Obligations	**100.000**	**10,745,000**
El Monte School District Certificates of Participation	100.000	3,555,000
City of El Monte General Fund Obligations	100.000	16,545,000
Other City General Fund Obligations	Various	645,644
Los Angeles County Sanitation District No. 2, 15 & 22 Authorities	0.250-20.827	1,888,548
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$54,666,443
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$71,959,601
COMBINED TOTAL DEBT		$499,798,544(2)

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($137,855,981)..0.92%
Total Direct and Overlapping Tax and Assessment Debt 2.50%
Combined Direct Debt ($148,600,981) 1.00%
Combined Total Debt..3.35%

Ratio to Redevelopment Incremental Valuation ($2,561,732,898):
Total Overlapping Tax Increment Debt 3.26%

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID 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 and the District 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 County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA 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 XIIIA 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 "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIIIA 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 XIIIA 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 June 3, 1986, on any bonded indebtedness approved by two-thirds 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 fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds of all members of the State legislature (the "Legislature") to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

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

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

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 XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See also "DISTRICT FINANCIAL INFORMATION" herein.

Article XIIIB of the California Constitution

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

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California 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 ADA 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 XIIIB, as amended.

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

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service 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 XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent 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 “– Propositions 98 and 111” herein.

Article XIIIC and Article XIIID 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 XIIIC and XIIID (respectively, “Article XIIIC” and “Article XIIID”), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIIIC establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does currently 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 XIIIA 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 XIIIC 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 XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, 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 were, however, modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed 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 State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (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 Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, 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 is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can 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.

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

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

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

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' 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 exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit" (i) for "qualified capital outlay projects" as defined by the Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

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

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 ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 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 Test 3, K-14 school district 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued on if the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election will not exceed $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 XIIA of the State 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

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.

Propositions 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 Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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 February 5, 2008, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools, community colleges 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 reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to 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.

Proposition 55

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 4, 2014. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased 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 personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

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 XIIIB 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 enrollment 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 enrollment growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 39, 22, 26, 30, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances and State funding of public education 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 *property tax required to be levied by the County within the boundaries of the District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Beginning in fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans. See "—Local Control Funding Formula" herein.

The following table reflects the District's historical ADA and the revenue limit rates per unit of ADA for fiscal years 2008-09 through 2012-13.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Fiscal Years 2008-09 through 2012-13
El Monte Union High School District

Fiscal Year	Average Daily Attendance	Change	Base Revenue Limit per ADA	Deficit Revenue Limit per ADA[2]
2008-09	9,803	--	7,133	6,573
2009-10	9,744	(59)	7,433	5,816
2010-11	9,706	(38)	7,404	6,074
2011-12	9,536	(170)	7,576	6,009
2012-13	9,245	(291)	7,820	6,071

(1) Reflects ADA as of the second principal reporting period ("P-2 ADA"), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district.

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in fiscal year 2008-09, and discontinued following the implementation of the LCFF (as defined herein).

Source: El Monte Union High School District.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of several years, and completed in fiscal year 2018-19. See "— Accounting Practices – 2018-19 Budget" herein. Beginning in fiscal year 2013-14, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span are as follows: (i) \$6,845 for grades K-3; (ii) \$6,947 for grades 4-6; (iii) \$7,154 for grades 7-8; and (iv) \$8,289 for grades 9-12. Between fiscal years 2013-14 through 2018-19, the Base Grants were adjusted for COLAs by applying the implicit price deflator for government goods and services. Following full implementation of the LCFF, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See also "—State Budget" herein.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2013-14 through 2018-19.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2018-19
El Monte Union High School District

		Enrollment[(2)]	
Fiscal Year	**ADA (Grades 9-12)[(1)]**	**Total Enrollment**	**% of EL/LI Enrollment[(3)]**
2013-14	9,135	9,573	91.2%
2014-15	9,005	9,338	93.0
2015-16	8,905	9,269	93.0
2016-17	8,452	9,033	90.5
2017-18	8,221	8,620	89.5
2018-19[(4)]	8,221	8,349	89.6

(1) Except for fiscal year 2018-19, reflects P-2 ADA.
(2) Fiscal years 2013-14 and 2014-15 reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.
(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15, or the current year percentage of EL/LI enrollment, whichever was greater. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
(4) Reflects projected ADA.
Source: El Monte Union High School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF. The District does not qualify for the ERT add-on.

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain school districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. The State Board of Education adopted regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be updated annually, covering a three-year period. The State Board of Education has developed a template LCAP for school districts to use.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other Revenue Sources

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Federal and Local Sources. The federal government provides funding for several school district programs, including special education programs, programs under the No Child Left Behind Act, and specialized programs such as Drug Free Schools, Innovative Strategies, and Vocational & Applied Technology. In addition, school districts may receive additional local revenues beyond local property tax collections, such as leases and rentals, interest earnings, interagency services, developer fees, redevelopment revenues, lottery funds and other local sources.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a local control and accountability plan, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before September 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than November 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Within the past five years, the District has submitted, and the County superintendent of schools has accepted, "positive" certifications on each of its interim financial reports.

Budgeting Trends. The table on the following page summarizes the District's general fund adopted budgets for fiscal years 2014-15 through 2018-19, audited actual results for fiscal years 2014-15 through 2017-18 and projected ending results for fiscal year 2018-19.

GENERAL FUND BUDGETING
Fiscal Years 2014-15 through 2018-19[1]
El Monte Union High School District

	Fiscal Year 2014-15[2]		Fiscal Year 2015-16[2]		Fiscal Year 2016-17[2]		Fiscal Year 2017-18[2]		Fiscal Year 2018-19[3]	
REVENUES	**Budget**	**Audited[4]**	**Budget**	**Audited[4]**	**Budget**	**Audited[4]**	**Budget**	**Audited**	**Budget**	**Projected**
Revenue Limit/LCFF Sources	$88,696,531	$90,764,631	$99,498,350	$99,341,726	$101,754,079	$100,541,148	$102,856,529	$101,586,320	$105,645,751	$107,478,020
Federal Sources	5,322,871	6,067,325	5,730,782	5,988,724	5,717,703	6,626,243	5,966,008	6,034,974	5,688,482	6,494,528
Other State Sources	4,712,388	4,862,653	8,516,303	11,783,016	12,218,246	10,114,064	3,780,252	8,542,346	8,968,282	11,999,433
Other Local Sources	9,906,586	9,537,066	8,525,386	8,080,717	6,759,353	8,343,725	7,034,836	9,044,148	7,287,684	7,720,705
TOTAL REVENUES	108,638,376	111,231,675	122,270,821	125,194,183	126,449,381	125,625,180	119,637,625	125,207,788	127,590,199	133,692,686
EXPENDITURES										
Certificated Salaries	44,209,122	44,199,051	44,637,651	47,548,810	48,021,862	48,580,025	50,815,639	50,281,721	49,872,977	50,272,141
Classified Salaries	16,357,528	16,998,849	19,159,413	18,672,828	19,585,323	18,897,536	20,470,330	21,067,816	19,994,146	20,478,442
Employee Benefits	19,826,547	19,620,080	19,978,733	23,950,898	29,730,954	26,382,538	25,786,545	28,766,537	32,527,155	32,613,497
Books & Supplies	5,871,207	5,485,480	8,377,645	5,846,807	7,216,247	5,770,286	7,407,352	6,056,580	8,385,545	13,471,335
Services & Operating Expenditures	10,847,767	11,670,755	14,729,841	12,199,649	13,525,858	12,393,913	16,010,083	14,079,494	16,556,045	19,841,005
Capital Outlay	379,143	638,321	301,151	410,732	169,775	1,025,534	626,838	3,471,034	3,477,237	2,544,799
Other Outgo	3,520,785	2,202,708	2,116,108	1,738,400	1,159,369	660,624	1,574,701	1,832,676	1,218,307	2,013,454
Transfers of Indirect Costs	(650,152)	(744,320)	(927,609)	(661,487)	(685,000)	(562,717)	(747,880)	(596,742)	(629,802)	(580,105)
TOTAL EXPENDITURES	100,361,947	100,070,924	108,372,933	109,706,637	118,724,388	113,147,739	121,943,608	124,959,116	131,401,610	140,654,568
EXCESS (DEFICIENCY) OF OVER EXPENDITURES	8,276,429	11,160,751	13,897,888	15,487,546	7,724,993	12,477,441	(2,305,983)	248,672	(3,811,411)	(6,961,882)
OTHER FINANCING SOURCES										
Proceeds From Capital Lease/Other	--	--	--	111	--	--	--	--	--	
Transfers Out	(8,047,374)	(8,574,176)	(8,590,000)	(4,210,000)	(4,408,000)	--	(7,292,000)	(5,890,000)	(3,190,000)	(3,600,000)
NET OTHER FINANCING SOURCES	(8,047,374)	(8,574,176)	(8,590,000)	(4,209,889)	(4,408,000)	--	(7,292,000)	(5,890,000)	(3,190,000)	(3,600,000)
NET CHANGE IN FUND BALANCES	229,055	2,586,575	5,307,888	11,277,657	3,316,993	12,477,441	(9,597,983)	(5,641,328)	(7,001,411)	(10,561,882)
FUND BALANCE – JULY 1	16,274,882	16,274,882	18,131,530	18,131,530	29,409,187	29,409,187	41,886,628	41,886,628	36,245,300	36,245,300
FUND BALANCE – JUNE 30	$16,503,937	$18,861,457	$23,439,418	$29,409,187	$32,726,180	$41,886,628	$32,288,645	$36,245,300	$29,243,889	$25,683,418

(1) All numbers rounded to the nearest whole number; may not sum due to rounding.

(2) From the District's audited financial statements for each fiscal year. Audited amounts reported are for General Fund only, and do not agree with amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the Special Reserve Fund for Postemployment Benefits, in accordance with GASB Statement No. 54.

(3) From the District's second interim report for year 2018-19, approved by the Board on March 6, 2019.

(4) On behalf payments of $2,519,103, $3,115,422, and $4,069,441 for fiscal years 2014-15, 2015-16, and 2016-17, respectively are not included in the actual revenues and expenditures, but have been included in the budgeted amounts.

Source: El Monte Union High School District.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

Audited financial statements for the District for the fiscal year ended June 30, 2018, and prior fiscal years are on file with the District and available for public inspection at the Office of the Chief Business Official of the District, 3537 Johnson Avenue, El Monte, California 91731, telephone: (626) 444-9005. The District's audited financial statements for the year ended June 30, 2018 are attached hereto as APPENDIX B. The table on the following page reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2013-14 through 2017-18.

[REMAINDER OF PAGE LEFT BLANK]

AUDITED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GENERAL FUND
Fiscal Years 2013-14 through 2017-18
El Monte Union High School District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
Revenue Limit/LCFF Sources	$81,119,323	$90,764,631	$99,341,726	$100,541,148	$99,396,320
Federal Sources	5,006,179	6,067,325	5,988,724	6,626,243	6,034,974
Other State Sources	8,226,749	7,381,756	11,783,016	10,114,064	8,542,346
Other Local Sources	11,674,779	9,555,954	8,102,855	8,374,860	9,111,067
Total Revenues	106,027,030	113,769,666	125,216,321	125,656,315	123,084,707
EXPENDITURES					
Instruction	52,333,180	57,498,115	60,736,751	63,803,117	67,293,872
Instruction-related Services					
Supervision of Instruction	3,534,352	3,991,736	4,720,661	3,661,907	4,294,818
Instructional Library, Media and Technology	915,334	1,014,370	1,125,525	1,178,157	1,342,321
School Site Administration	5,063,326	5,543,022	6,050,015	6,013,758	6,632,028
Pupil Services					
Home-to-School Transportation	1,661,932	1,699,505	1,868,616	2,006,407	2,105,135
Food Services	117,314	18,691	4,005	--	91,121
All Other Pupil Services	8,623,581	9,506,427	10,106,949	11,299,485	12,413,973
General Administration					
Data Processing	1,233,947	1,478,110	2,443,521	2,423,021	2,557,114
All Other General Administration	5,861,948	4,588,970	4,952,716	4,871,892	5,498,708
Plant Services	11,580,570	12,393,338	13,131,008	13,724,546	15,242,547
Facility Acquisition	204,253	396,489	98,713	732,914	2,543,924
Ancillary Services	2,113,664	2,258,546	2,729,757	2,771,911	3,110,79
Community Services	224	--	--	--	--
Other Outgo	--	--	--	--	--
Transfers to Other Agencies	1,988,989	1,766,730	1,323,289	233,691	1,426,417
Debt Service:					
Principal	1,163,447	334,189	352,453	371,802	392,309
Interest	308,389	101,789	62,658	55,131	13,950
Total Expenditures	96,704,450	102,590,027	109,706,637	113,147,739	124,959,116
Excess (Deficiency) of Revenues Over Expenditures	9,322,580	11,179,639	15,509,684	12,508,576	(1,874,409)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	--	--	--	--	--
Interfund Transfers In	--	--	111	--	--
Other Sources	1,822,643	--	--	--	--
Interfund Transfers out	(7,422,374)	(8,574,176)	(4,210,000)	--	(1,000,000)
Total Other Financing Sources (Uses)	(5,599,731)	(8,574,176)	(4,209,889)	--	(1,000,000)
NET CHANGE IN FUND BALANCES	3,722,849	2,605,463	11,299,795	12,508,576	(2,874,409)
FUND BALANCE – BEGINNING OF YEAR	14,611,287	18,334,136	20,939,599	32,239,394	44,747,970
FUND BALANCE – END OF YEAR	$18,334,136	$20,939,599	$32,239,394	$44,747,970	$41,873,561

Source: El Monte Union High School District.

State Assistance

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.

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over $4.4 billion, including a $2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the $2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of $129.8 billion and total expenditures of $127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of $16.7 billion, including $7.3 billion in the traditional general fund reserve and $9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues of $133.3 billion and authorizes expenditures of $138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $15.9 billion, including $2.0 billion in the traditional general fund reserve, $13.8 billion in the BSA and $200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.6 billion, an increase of $252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion, reflecting an increase of $1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of $789 million, on top of a previous $536 million payment. After making the approximately $1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at $78.4 billion, reflecting an increase of $2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to K-12 education, the 2018-19 Budget sets Proposition 98 funding at $67.9 billion, including $47.5 billion from the State general fund, reflecting an increase of $1.3 billion (or 2.7%) from the prior year. Per-pupil spending increases by $579 (or 5.2%) from the prior year, up to $11,640.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $3.7 billion in Proposition 98 funding to fully implement the LCFF, reaching the target funding targets and funding the statutory 2.71% COLA to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra 1 percentage point increase in the LCFF rates. The adjusted Base Grants for fiscal year 2018-19 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.

- *Low-Performing Students Block Grant* – $300 million in one-time Proposition 98 funding to provide resources to local education agencies to help certain low-performing students, with funding allocated to local education agencies based on the count of students who did not meet statewide standards in spring 2018 on assessments of reading and math and who are not foster youth, low-income students, English learners, or students with disabilities.

- *State System of Support* – An increase of $54 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *California Collaborative for Educational Excellence* – $12 million in ongoing Proposition 98 funding for the California Collaborative for Educational Excellence (the "Collaborative") to assist county offices of education and regional lead agencies. Additionally, the 2018-19 Budget re-appropriates $5.6 million from prior-year one-time Proposition 98 appropriations for use by the Collaborative for additional statewide trainings and technical assistance.

- *Special Education Local Plan Area (SELPA) Technical Assistance* – $10 million in Proposition 98 funding for up to ten SELPAs to assist county offices of education in providing technical assistance to school districts identified for differentiated assistance within the Statewide system of support.

- *Career Technical Education (CTE)* – $164 million in ongoing Proposition 98 funding to create a new K-12 CTE program funded through the Strong Workforce Program, which is administrated by California Community College Chancellor's Office, in consultation with the State Department of Education, as well as $150 million in ongoing Proposition 98 funding to make permanent the State's Career Technical Education Incentive Grant Program.

- *One-Time Discretionary Funding* – An increase of $1.1 billion in one-time Proposition 98 funding for school districts, charter schools and county offices of education to use at local discretion. Similar to features included in prior State budgets, these funds would offset any applicable mandate reimbursement claims for these entities.

- *Special Education, Bilingual, and STEM Teachers* – $75 million in one-time Proposition 98 funding to start new or expand existing teacher residency programs with $50 million earmarked for special education teachers and $25 million earmarked for bilingual and STEM teachers; and $50 million in one-time Proposition 98 funding to provide one-time competitive grants to local educational agencies to fund new or existing local efforts to recruit and retain special education teachers.

- *Classified School Employee Summer Assistance Program* – $50 million one-time Proposition 98 funding to provide state matching funds to classified school employees that elect to have a portion of their monthly paychecks withheld during the 2019-20 school year, supplemented by State funding, and paid during the summer recess period.

- *Classified School Employee Professional Development Block Grant Program* – $50 million one-time Proposition 98 funding for professional development opportunities for classified staff, with a priority on professional development for the implementation of school safety plans.

- *Federal Funds for Academic Enrichment* – $165 million one-time federal ESSA Title IV funding for academic enrichment, with $121 million of such funds distributed to local education agencies based on their share of existing Title I funding, and the remainder distributed competitively.

- *Charter School Facility Grant Program* – $21 million one-time and $25 million ongoing Proposition 98 funding to reflect increases in programmatic costs.

- *Kids Code After School Program* – $15 million one-time Proposition 98 funding to fund the inclusion of computer coding in after-school curriculum.

- *Fiscal Crisis and Management Assistance Team (FCMAT)* – $972,000 Proposition 98 funding to allow FCMAT provide additional assistance for fiscally distressed school districts and provide additional training for county offices of education regarding fiscal oversight of school districts.

- *Kindergarten Facilities* – $100 million one-time non-Proposition 98 funding to help school districts cover facility costs associated with converting their part-day kindergarten programs into full-day programs.

- *Proposition 51* – a total allocation of $594 million in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the 2018-19 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year 2019-20 is projected to be a "Test 3" year. With respect to K-12 education, ongoing per-pupil spending is set at $12,003, reflecting an increase of $435 from the prior year.

Other significant features with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $2 billion in Proposition 98 funding for the LCFF, reflecting a 3.46% COLA, and bringing total LFCC funding to $63 billion.

- *Categorical Programs* – An increase of $187 million in Proposition 98 funding to support a 3.46% COLA for categorical programs that remain outside the LCFF.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *State System of Support* – An increase of $20.2 million in Proposition 98 funding for county offices of education to provide technical assistance to low-performing local educational agencies.

- *Special Education* – $577 million in Proposition 98 funding (of which $186 million is one-time) to school districts based on their unduplicated counts of low-income, English learner and disabled students. These funds may be used for either (i) special education services for students with disabilities, or (ii) early intervention programs for students are not yet receiving special education services.

- *Preschool* – $125 million in non-Proposition 98, ongoing funding to provide 10,000 full-day preschool slots for children from low income families. The Proposed 2019-20 Budget also provides for an increase of $26.8 million in Proposition 98 funding to reflect the full-year cost of full-day preschool slots implemented during the prior fiscal year.

- *Early Education* – An increase of $750 million in one-time non-Proposition 98 funding to create more full-day Kindergarten programs. The funds are primarily intended for constructing new or retrofitting existing school facilities needed to operate longer-day programs. The Proposed 2019-20 Budget also includes $500 million for improvements to early education (including $245 million for facilities, $245 million for the child care workforce, and $10 million to improve access and quality).

- *County Offices of Education* – An increase of $9 million in Proposition 98 funding for county offices of education, reflecting a 3.46% COLA and ADA changes applicable to the LCFF.

- *Proposition 51* – a total allocation of $1.5 billion in Proposition 51 bond funds for K-12 school facility projects.

For additional information regarding the Proposed 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

May Revision. On May 9, 2019, the Governor released his May revision (the "May Revision") to the Proposed 2019-20 Budget. The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the May Revision.

For fiscal year 2018-19, the May Revision projects total general fund revenues and transfers of $138 billion and total expenditures of $143.2 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $ 20.1 billion, including $4.8 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the May Revision projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $19.5 billion, including $1.6 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. As further described herein, the May Revision also calculates that, for the first time, the State will be obligated to make a deposit into the PSSSA, the Proposition 39 reserve established by Proposition 2. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the May Revision makes additional revisions to Proposition 98 funding levels for fiscal years 2017-18 and 2018-19. Specifically, the May Revision sets the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion (including $53 billion from the State general fund), an increase of $78.4 million from the level set by the Proposed 2019-20 Budget. For fiscal year 2018-19, the May Revision sets the minimum funding guarantee at $78.1 billion (including $54.4 billion from the State general fund), an increase of $279 million from the Proposed 2019-20 Budget. These increases in funding are primarily attributable to stronger growth in State general fund revenues relative to the administration's January estimates, as well as a slight upward revision in student attendance estimates.

For fiscal year 2019-20, the May Revision sets the minimum funding guarantee at $81.1 billion (including $55.9 billion from the State general fund), an increase of $389 million from the Proposed 2019-20 Budget. Fiscal year 2019-20 is now projected to be a "Test 1" year. Although total Proposition 98 funding increases during fiscal years 2017-18 through 2019-20, the State general fund share of education funding also increases by approximately $1.1 billion, due to a decrease in projected property tax revenues over this period.

Other significant adjustments, or additional proposals, with respect to K-12 education funding include the following:

- *Local Control Funding Formula* – An increase of $70 million Proposition 98 funding in fiscal year 2018-19, as well as a decrease of $63.9 million to the funding level for fiscal year 2019-20, each relative to the Proposed 2019-20 Budget. These changes reflect adjustments to ADA and the fiscal year 2019-20 COLA that affect the LCFF calculation.

- *Proposition 98 Reserve Deposit* – The May Revision projects that a deposit to the PSSSA of $389.3 million will be required during fiscal year 2019-20 in order to comply with Proposition 2. The amount of the deposit reflects the difference between the projected "Test 1" funding level in 2019-20, and the prior year's funding level, as adjusted for growth and inflation. The amount proposed to be deposited into the PSSSA is below the threshold required to trigger certain maximum local reserve levels for school districts created by State legislation approved in 2014 (as amended in 2017).

- *Categorical Programs* – A decrease of $7.4 million in Proposition 98 funding for selected categorical programs relative to the amount set in the Proposed 2019-20 Budget, reflecting a change in the COLA from 3.46% to 3.26%. The May Revision also provides an increase of $7.6 million in Proposition 98 funding for selected categorical programs, based on updated ADA estimates.

- *Pension Costs* – An increase of $150 million to the one-time, non-Proposition 98 funding provided in the Proposed 2019-20 Budget to reduce long-term STRS liabilities for K-14 school districts. As a result, employer contribution rates for fiscal year 2019-20 would be effectively reduced to 16.7%.

- *Workforce Development* - $89.8 million in one-time, non-Proposition 98 funding to provide for a teacher loan forgiveness program for newly credentialed teachers to work in high-need subject matter areas such as special education and STEM (Science, Technology, Engineering and Math). The May Revision also includes $44.8 million in one-time, non-Proposition 98 funding to provide training and resources for classroom educators, and $13.9 million in ongoing federal funding for professional learning opportunities for public K-12 administrators.

- *Special Education* – A total of $696.2 million in ongoing Proposition 98 funding for special education. This reflects a $119.2 million increase from the amount set in the Proposed 2019-20 Budget, and would be a 21% increase from the prior year.

For additional information regarding the May Revision, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

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.

EL MONTE UNION HIGH SCHOOL DISTRICT

The information in this section concerning the operations of the District and the District's finances are provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund of the District. The Bonds are payable only from the revenues generated by an ad valorem *tax levied by the County on properties within the District for the payment thereof. See "THE BONDS — Security and Sources of Payment" herein.*

Introduction

The El Monte Union High School District was established in 1901. The District encompasses approximately 22.38 square miles and is located in the eastern portion of Los Angeles County and serves all or a portion of the communities of El Monte, South El Monte, Temple City, Arcadia and Rosemead. The District currently operates five high schools, one continuation high school, one community day school and two adult schools. For fiscal year 2018-19, the District has projected an average daily attendance ("ADA") of 8,221 students, and taxable property within the District has an assessed valuation of $14,912,788,049.

Administration

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. 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 offices and the dates their terms expire, are listed below:

BOARD OF TRUSTEES
El Monte Union High School District

Name	Office	Term Expires
David Diaz	President	November 2022
Florencio F. Briones	Vice President	November 2022
Ricardo Padilla	Clerk	November 2022
Maria Morgan	Member	November 2020
Carlos G. Salcedo	Member	November 2020

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Brief biographies of key personnel follow.

Dr. Edward Zuniga, Superintendent. Dr. Zuniga was appointed as Superintendent of the District on October 5, 2016, after holding the position on an interim basis for 7 months. Prior to being appointed as Superintendent, Dr. Zuniga served the District as Assistant Superintendent of Human Resources for four years. Dr. Zuniga has been with the District for over 20 years, and began his career in education as a teacher and coach at El Monte High School. He has also served as an Assistant Principal and Principal at several District high schools. Dr. Zuniga received his Bachelor of Arts degree from California State Polytechnic University, a Master of Arts degree in educational administration from Azusa Pacific

University, and a doctoral degree in educational leadership from the University of Southern California. Dr. Zuniga is also involved in the local community. He previously served on the Board of the El Monte City School District, is an active member of the Cal Poly Pomona Alumni Association, and is affiliated with several professional organizations, including the Association of California School Administrators.

Wael H. Elatar, Chief Business Official. Mr. Elatar was hired by the District Board in November 2016. Mr. Elatar has over 25 years' experience as an executive manager in both the private and the public sectors. He has worked in the capacity of chief business official for seven years with the District, the Beaumont Unified School District and Barstow Unified School District. Mr. Elatar's prior experience also includes serving for seven years as the Administrator of Facilities/ Transportation for the San Bernardino City Unified School District. In the private sector, Mr. Elatar's last assignment was serving as Vice President of Operations, West Area for MV Transportation with over $100 million in annual revenue and 15 major public contracts. Mr. Elatar is a graduate of University of Southern California, with a Bachelor of Science in Civil Engineering. He also holds a Master's Degree in Engineering Management from West Coast University.

Employee Relations

The District currently employs 584 full-time certificated employees and 616 classified employees. District employees, except management, confidential employees and some part-time employees, are represented by the following bargaining units.

BARGAINING UNITS
El Monte Union High School District

Name of Bargaining Unit	Current Contract Expiration Date[1]
El Monte Union Educators' Association, CTA/NEA	6/30/2018
El Monte Union Educators' Association – Adult Education Unit, CTA/NEA	6/30/2018
California School Employees Association, Local Chapter 11	12/13/2017

[1] Employees continue to work under the terms of the respective expired contracts while new contracts are negotiated.
Source: El Monte Union High School District.

District Retirement Systems

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

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program 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 Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

[REMAINDER OF PAGE LEFT BLANK]

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contributions to STRS were $4,201,988 in fiscal year 2014-15, $5,384,620 in fiscal year 2015-16, $6,339,654 in fiscal year 2016-17 and $7,549,296 in fiscal year 2017-18. The District has projected a contribution of $6,902,765.00 to STRS for fiscal year 2018-19.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. 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 upon 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 up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $2,264,104 in fiscal year 2014-15, $2,470,935 in fiscal year 2015-16, $2,903,250 in fiscal year 2016-17 and $3,583,663 in fiscal year 2017-18. The District has projected a contribution of $3,085,115.00 for its contribution to PERS for fiscal year 2017-18.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The table on the following page summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

[REMAINDER OF PAGE LEFT BLANK]

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18(5)	92,071	64,846	27,225	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District reported its proportionate shares of the net pension liabilities for the STRS and PERS programs to be $84,857,991 and $38,929,238, respectively. See also "See "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Supplemental Employee Retirement Plan

The District has adopted a supplemental early retirement plan ("SERP") whereby certain eligible employees are provided an annuity to supplement the retirement benefits such employees are entitled to receive through the CalSTRS or CalPERS retirement systems. Annuities have been purchased for 21 employees, and are paid over a five-year period.

[REMAINDER OF PAGE LEFT BLANK]

The accumulated future liability for the District for the SERP, as of June 30, 2018, amounted to $1,170,124 and future payments as of June 30, 2018 are as shown in the following table.

Year Ending June 30,	Payment
2019	$292,531
2020	292,531
2021	292,531
2022	292,531
Total	$1,170,124

Other Postemployment Benefits

Benefits Plan. The District administers a defined benefit healthcare plan (the "Plan") providing medical and dental insurance benefits to eligible retirees of the District and their spouses. Contribution requirements of the District and employees to the Plan are established and amended, from time to time, by the District in conjunction with its bargaining units.

Funding Policy. The District recognizes contributions to the Plan on a "pay-as-you-go" basis to cover the cost of premiums for current retirees. The District's contributions to the Plan for fiscal years 2015-16 through 2017-18 were $608,313, $403,716 and $261,543 respectively. For fiscal year ending 2018-19, the District has budgeted $718,349 of expenditures for Plan contributions.

The District has also established as Special Reserve for Post-Employment Benefits to begin funding its accrued liability (discussed below) with respect to Plan benefits. The balance in this reserve, as of June 30, 2018, was $2,906,166. The reserve, however, has not been irrevocably pledged to pay benefits, and may be accessed for other purposes upon Board approval.

Accrued Liability. The District has implemented *Governmental Accounting Standards Board Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB Statement No. 75"), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Program benefits. GASB Statements No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study was dated November 24, 2018 (the "Study"), and had a valuation date of July 1, 2018. The Study concluded that, as of a June 30, 2018 measurement date, the Total OPEB Liability (the "TOL") with respect to such Program benefits, was $22,791,413. Because the District does not maintain a qualifying irrevocable trust, the District's Net OPEB Liability (the "NOL") is equal to the TOL.

GASB Statement No. 75. On June 2, 2015, GASB issued Statement No. 75 with respect to accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 75 replaces GASB Statement No. 45.

GASB Statement No. 75 will require a liability for OPEB obligations, known as the NOL, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District has recognized GASB Statement No. 75 in its financial statements for fiscal year 2017-18. See "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 1." attached hereto. The full extent of the effect of the new standards on the District is not known at this time.

Risk Management

The District is exposed to various risks of loss related to property, general liability, workers' compensation and employee health benefits. These risks are addressed through a combination of commercial insurance and participation in certain public entity risk pools.

The District purchases commercial insurance for its employee medical benefits in addition to participating in the Southern California Schools Voluntary Employee Benefits Association ("SCSVEBA"). The District also participates in the Merge Risk Management Public Entity Risk Pool ("MERGE") for worker's compensation and property and liability claims. Excess property and liability coverage is obtained through participation in the Schools Excess Liability Fund ("SELF," and, together with SCSVEBA and MERGE, the "JPAs"). The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

There are several claims pending against the District. In the opinion of the District, the related liability, if any, stemming from these claims will not materially affect the financial condition of the District. Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the District believes that it has adequate insurance coverage.

See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" and " – Note 15" attached hereto.

[REMAINDER OF PAGE LEFT BLANK]

District Debt Structure

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
General Obligation Bond	$144,167,765	$13,340,084	$7,865,000	$7,879,751
Unamortized premium	15,384,088	--	1,297,343	1,297,343
Unamortized discount	--	(122,378)	(4,895)	(4,895)
Total General Obligation Bonds	159,551,853	13,217,706	9,157,448	9,127,199
2017 Lease/Purchase Agreement	--	10,865,000	--	120,000
Capital Leases	628,818	--	392,309	236,509
Early Retirement Incentive	1,462,655	--	292,531	292,531
Compensated Absences	1,323,927	--	183,779	--
Net OPEB Obligation	23,052,956	--	261,543	--
Net Pension Liability	114,811,954	8,975,275	--	--
Total	$300,832,163	$33,057,981	$10,287,610	$9,821,239

Source: El Monte Union High School District.

Capital Leases. The District has entered into various capital equipment leases for photocopiers. Future minimum lease payments from the District are shown below.

Year Ending June 30,	Lease Payment
2019	$240,686

General Obligation Bonds. The District has issued general obligation bonds pursuant to two voter-approved authorizations to finance the construction, modernization and equipping of District sites and facilities. The District has also previously issued general obligation refunding bonds to refinance prior bonded indebtedness. The following table presents summary information on the District's currently outstanding general obligations bonds (not including the Bonds).

Issuance	Initial Principal Amount	Principal Outstanding[(1)]	Date of Delivery
Election of 2008 Bonds, Series A	$54,001,305.20	$617,055.10	06/16/2009
Election of 2008 Bonds, Series B	30,337,786.55	$30,118,827.55	8/22/2012
Election of 2008 Bonds, Series C	5,260,000.00	$4,465,000.00	4/7/2016
2015 Refunding Bonds	27,195,000.00	$26,125,000.00	9/29/2015
2016 Refunding Bonds (Delayed Delivery)	28,755,000.00	$17,110,000.00	3/4/2016
2016 Refunding Bonds	49,545,000.00	$48,525,000.00	4/7/2016
Election of 2008 Bonds, Series D	10,895,098.10	$10,895,098.10	11/21/2017

(1) As of February 1, 2019.

Lease Purchase Agreement. On December 1, 2017, the District entered into a lease purchase agreement (the "2017 Lease/Purchase Agreement") with the Public Property Financing Corporation of California in order to finance the acquisition, construction and installation solar photovoltaic systems at Arroyo High School, Mountain View High School, Rosemead High School, South El Monte High School, and Rosemead Adult School. Semi-annual payments are due August 1, 2019 through August 1, 2042, with a stated interest rate of 4.90%. Future lease payments are listed in the following table.

LEASE PAYMENTS
El Monte Union High School District
2017 Lease/Purchase Agreement

Payment Date	Principal Portion	Interest Portion	Total Lease Payment	US Treasury Subsidy Amount(1)	Net Payment After Subsidy
8/1/2019	$115,000.00	$263,252.50	$378,252.50	$(155,687.53)	$222,564.97
2/1/2020	85,000.00	260,435.00	345,435.00	(154,021.26)	191,413.74
8/1/2020	95,000.00	258,352.50	353,352.50	(152,789.67)	200,562.83
2/1/2021	100,000.00	256,025.00	356,025.00	(151,413.19)	204,611.81
8/1/2021	100,000.00	253,575.00	353,575.00	(149,964.26)	203,610.74
2/1/2022	105,000.00	251,125.00	356,125.00	(148,515.33)	207,609.67
8/1/2022	115,000.00	248,552.50	363,552.50	(146,993.95)	216,558.55
2/1/2023	125,000.00	245,735.00	370,735.00	(145,327.68)	225,407.32
8/1/2023	125,000.00	242,672.50	367,672.50	(143,516.52)	224,155.98
2/1/2024	135,000.00	239,610.00	374,610.00	(141,705.35)	232,904.65
8/1/2024	135,000.00	236,302.50	371,302.50	(139,749.30)	231,553.20
2/1/2025	145,000.00	232,995.00	377,995.00	(137,793.24)	240,201.76
8/1/2025	150,000.00	229,442.50	379,442.50	(135,692.29)	243,750.21
2/1/2026	160,000.00	225,767.50	385,767.50	(133,518.90)	252,248.60
8/1/2026	155,000.00	221,847.50	376,847.50	(131,200.61)	245,646.89
2/1/2027	175,000.00	218,050.00	393,050.00	(128,954.77)	264,095.23
8/1/2027	170,000.00	213,762.50	383,762.50	(126,419.14)	257,343.36
2/1/2028	185,000.00	209,597.50	394,597.50	(123,955.96)	270,641.54
8/1/2028	185,000.00	205,065.00	390,065.00	(121,275.44)	268,789.56
2/1/2029	200,000.00	200,532.50	400,532.50	(118,594.92)	281,937.58
8/1/2029	195,000.00	195,632.50	390,632.50	(115,697.06)	274,935.44
2/1/2030	210,000.00	190,855.00	400,855.00	(112,871.65)	287,983.35
8/1/2030	215,000.00	185,710.00	400,710.00	(109,828.89)	290,881.11
2/1/2031	225,000.00	180,442.50	405,442.50	(106,713.69)	298,728.81
8/1/2031	230,000.00	174,930.00	404,930.00	(103,453.60)	301,476.40
2/1/2032	240,000.00	169,295.00	409,295.00	(100,121.06)	309,173.94
8/1/2032	245,000.00	163,415.00	408,415.00	(96,643.63)	311,771.37
2/1/2033	255,000.00	157,412.50	412,412.50	(93,093.75)	319,318.75
8/1/2033	255,000.00	151,165.00	406,165.00	(89,398.98)	316,766.02
2/1/2034	275,000.00	144,917.50	419,917.50	(85,704.21)	334,213.29
8/1/2034	270,000.00	138,180.00	408,180.00	(81,719.65)	326,460.35
2/1/2035	290,000.00	131,565.00	421,565.00	(77,807.54)	343,757.46
8/1/2035	295,000.00	124,460.00	419,460.00	(73,605.64)	345,854.36
2/1/2036	305,000.00	117,232.50	422,232.50	(69,331.30)	352,901.20
8/1/2036	315,000.00	109,760.00	424,760.00	(64,912.06)	359,847.94
2/1/2037	325,000.00	102,042.50	427,042.50	(60,347.93)	366,694.57
8/1/2037	330,000.00	94,080.00	424,080.00	(55,638.91)	368,441.09
2/1/2038	330,000.00	85,995.00	415,995.00	(50,857.44)	365,137.56
8/1/2038	325,000.00	77,910.00	402,910.00	(46,075.97)	356,834.03
2/1/2039	345,000.00	69,947.50	414,947.50	(41,366.95)	373,580.55
8/1/2039	345,000.00	61,495.00	406,495.00	(36,368.14)	370,126.86
2/1/2040	365,000.00	53,042.50	418,042.50	(31,369.33)	386,673.17
8/1/2040	365,000.00	44,100.00	409,100.00	(26,080.74)	383,019.26
2/1/2041	350,000.00	35,157.50	385,157.50	(20,792.15)	364,365.35
8/1/2041	350,000.00	26,582.50	376,582.50	(15,720.89)	360,861.61
2/1/2042	365,000.00	18,007.50	383,007.50	(10,649.64)	372,357.86
8/1/2042	370,000.00	9,065.00	379,065.00	(5,361.04)	373,703.96

(1) Reflects gross debt service on the District's 2017 Lease/Purchase Agreement, which was designated as "New Clean Renewable Energy Bonds" pursuant to an irrevocable election by the District to have Sections 54C of the Code apply thereto. The District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 70% of the interest that would have payable with respect to the 2017 Lease/Purchase Agreement on or about each semi-annual lease payment date, if such interest was calculated at a federal tax credit rate of 4.14%, as determined under Section 54A(b)(3) of the Code. The table above reflects gross debt service payments and does not reflect the anticipated receipt of the subsidy. Such subsidy payments are required to be deposited, as and when received, in the lease payment fund for the 2017 Lease/Purchase Agreement, to be used as a credit against future debt service thereon. The subsidy payments do not constitute a full faith and credit guarantee of the United States Government, but are required to be paid by the Treasury pursuant to the Hiring Incentives to Restore Employment Act of 2010. The subsidy payments are subject to reduction (the "Sequestration Reduction") pursuant to the federal Balanced Budget and Emergency Deficit Control Act of 1985, as amended, which currently includes provisions reducing the subsidy payments by 6.2% through the end of the current federal fiscal year (September 30, 2019). In the absence of action by the U.S. Congress, the rate of the Sequestration Reduction is subject to change in the following federal fiscal year. The District cannot predict whether or how subsequent sequestration actions may affect subsidy payments currently scheduled for receipt in future federal fiscal years. However, notwithstanding current and any future reductions, the District is required to make all lease payments from legally available sources, and to make any necessary supplemental budgetary appropriations therefor.

(2) *Source: El Monte Union High School District.*

The following table shows the annual debt service requirements for all of the District's outstanding bonded indebtedness, including the Bonds.

GENERAL OBLIGATION BOND DEBT SERVICE
El Monte Union High School District

Year Ending June 1	Election of 2008 Series A Bonds	Election of 2008 Series B Bonds	2015 Refunding Bonds	2016 Refunding Bonds (Delayed Delivery)	2016 Refunding Bonds	Election of 2008 Series C Bonds	Election of 2008 Series D Bonds	The Bonds	Total Annual Debt Service
2019	$1,555,000.00	$161,843.76	$1,473,425.00	$7,200,500.00	$2,171,550.00	$475,600.00	$566,900.00	$1,216,825.83[1]	$14,821,644.59
2020	--	351,843.76	1,542,525.00	7,423,250.00	2,271,550.00	1,781,600.00	464,550.00	5,422,450.00	19,257,768.76
2021	--	491,843.76	2,785,125.00	4,074,000.00	2,667,550.00	1,422,000.00	535,050.00	6,807,500.00	18,783,068.76
2022	--	636,843.76	2,808,675.00	--	2,847,550.00	1,279,200.00	606,050.00	5,867,500.00	14,045,818.76
2023	--	791,843.76	2,805,075.00	--	4,452,550.00	--	388,850.00	1,977,900.00	10,416,218.76
2024	--	956,843.76	2,799,575.00	--	4,685,550.00	--	284,850.00	1,977,900.00	10,704,718.76
2025	--	1,131,843.76	2,795,075.00	--	4,786,050.00	--	284,850.00	1,977,900.00	10,975,718.76
2026	--	1,316,843.76	2,796,325.00	--	4,894,800.00	--	284,850.00	1,977,900.00	11,270,718.76
2027	--	1,521,843.76	2,912,825.00	--	5,005,800.00	--	284,850.00	2,132,900.00	11,858,218.76
2028	--	1,731,843.76	2,908,112.50	--	5,118,300.00	--	284,850.00	2,215,150.00	12,258,256.26
2029	--	1,956,843.76	2,812,625.00	--	5,231,550.00	--	284,850.00	2,302,900.00	12,588,768.76
2030	--	2,201,843.76	2,860,825.00	--	5,349,800.00	--	284,850.00	2,395,650.00	13,092,968.76
2031	--	2,456,843.76	2,910,100.00	--	5,470,600.00	--	404,850.00	2,487,900.00	13,730,293.76
2032	--	2,726,843.76	2,954,925.00	--	5,594,600.00	--	429,850.00	2,584,400.00	14,290,618.76
2033	--	3,021,843.76	--	--	5,721,200.00	--	439,850.00	2,686,600.00	11,869,493.76
2034	--	3,330,000.00	--	--	5,844,800.00	--	469,850.00	2,793,600.00	12,438,250.00
2035	--	9,615,000.00	--	--	--	--	514,850.00	2,905,000.00	13,034,850.00
2036	--	10,095,000.00	--	--	--	--	539,850.00	3,020,400.00	13,655,250.00
2037	--	10,600,000.00	--	--	--	--	564,850.00	3,134,400.00	14,299,250.00
2038	--	11,131,641.15	--	--	--	--	574,850.00	3,261,800.00	14,968,291.15
2039	--	11,688,078.00	--	--	--	--	604,850.00	3,391,800.00	15,684,728.00
2040	--	12,271,673.45	--	--	--	--	654,850.00	3,524,000.00	16,450,523.45
2041	--	12,883,438.80	--	--	--	--	674,850.00	3,663,000.00	17,221,288.80
2042	--	13,530,000.00	--	--	--	--	729,850.00	3,808,200.00	18,068,050.00
2043	--	--	--	--	--	--	8,724,850.00	3,959,000.00	12,683,850.00
2044	--	--	--	--	--	--	--	4,114,800.00	4,114,800.00
2045	--	--	--	--	--	--	--	4,285,000.00	4,285,000.00
2046	--	--	--	--	--	--	--	4,455,750.00	4,455,750.00
2047	--	--	--	--	--	--	--	4,629,750.00	4,629,750.00
2048	--	--	--	--	--	--	--	4,811,000.00	4,811,000.00
2049	--	--	--	--	--	--	--	5,003,250.00	5,003,250.00
Total	$1,555,000.00	$116,602,487.80	$37,165,212.50	$18,697,750.00	$72,113,800.00	$4,958,400.00	$19,883,400.00	$104,792,125.83	$375,768,176.13

[2] Reflects debt service for the December 1, 2019 interest payment of $1,216,825.83.
Source: El Monte Union High School District.

TAX MATTERS

In the opinion of Bond Counsel, 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 imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to a Bondowner is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply 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 (and original issue discount) 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 the interest (and original issue discount) 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.

The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of 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 of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance or refinance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – LOS ANGELES COUNTY TREASURY POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as APPENDIX A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights

LEGAL MATTERS

Legality for Investment in California

Under provisions of the 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 Government Code of the State, are eligible for security for deposits of public moneys in the State.

Information Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to file in a timely manner certain portions of the annual report for fiscal year 2013-14, as required by its prior continuing disclosure undertakings pursuant to the Rule. The District has also failed within the past five years to file notice of certain listed events, as required by such prior undertakings.

Absence of Material Litigation

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

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Rating

Moody's has assigned a rating of "Aa3" to the Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007 There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

In connection with the issuance of the Bonds, the District made a presentation to Fitch Ratings ("Fitch") to secure a credit rating on the Bonds. However, the District elected not to proceed with such a rating and cancelled the request made to Fitch. Fitch has not issued a rating on the Bonds.

Generally, rating agencies base their ratings on 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 investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to Moody's, and its websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter") for a purchase price of $62,387,996.85 (which is equal to the principal amount of the Bonds of $56,430,000.00, plus original issue premium of $6,183,716.85, less an underwriting discount of $225,720.00).

The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriter has provided the following information for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

Additional Information

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 Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

EL MONTE UNION HIGH SCHOOL DISTRICT

By: /s/ Dr. Edward Zuniga
Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds substantially in the following form:

June 4, 2019

Board of Trustee
El Monte Union High School District

Members of the Board of Education:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $56,430,000 El Monte Union High School District Election of 2018 General Obligation Bonds, Series A (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 proofs 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 proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the "Act"), commencing with Section 53506 *et seq*., a vote of 55% of the qualified electors of the El Monte Union High School District (the "District") voting at an election held on November 8, 2016, 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 a levy of *ad valorem* property 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 and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

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

5. The excess of the stated redemption price at maturity over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to a Bondowner is excluded from the gross income of such owner for federal income

tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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 and the Tax Certificate relating to the Bonds permit 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 on the exclusion from gross income of interest (and original issue discount) 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 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 (and original issue discount) 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 Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) 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.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

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, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

EL MONTE UNION HIGH SCHOOL DISTRICT

AUDIT REPORT
June 30, 2018

San Diego

Los Angeles

San Francisco
Bay Area

christy white associates
A PROFESSIONAL
ACCOUNTANCY CORPORATION

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

OTHER INDEPENDENT AUDITORS' REPORTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL SECTION

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California State Board of Accountancy

INDEPENDENT AUDITORS' REPORT

Governing Board
El Monte Union High School District
El Monte, 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 El Monte 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 the El Monte Union High School 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte Union High School District, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 10 to the financial statements, in 2018 El Monte 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Monte Union High School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of El Monte 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 El Monte Union High School 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 El Monte Union High School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 14, 2018

EL MONTE UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

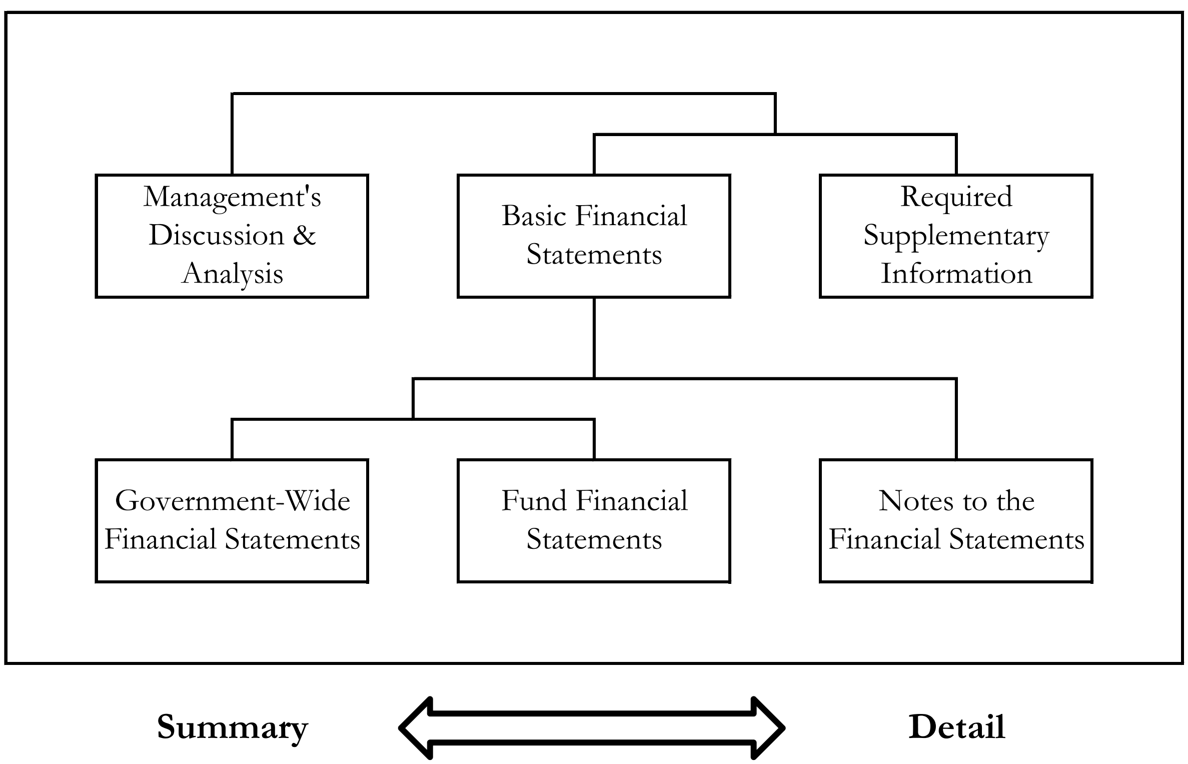
Our discussion and analysis of El Monte Union High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was $22,051,369 at June 30, 2018. This was a decrease of $4,324,234 from the prior year after restatement.
- Overall revenues were $153,985,543 which were exceeded by expenses of $158,309,777.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you 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** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $22,051,369 at June 30, 2018, as reflected in the table below. Of this amount, $(89,476,353) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2018	**2017**	**Net Change**
ASSETS			
Current and other assets	$111,453,650	$105,542,031	$ 5,911,619
Capital assets	213,001,682	205,791,939	7,209,743
Total Assets	324,455,332	311,333,970	13,121,362
DEFERRED OUTFLOWS OF RESOURCES	44,371,311	32,850,533	11,520,778
LIABILITIES			
Current liabilities	23,079,168	21,757,739	1,321,429
Long-term liabilities	313,781,295	279,079,210	34,702,085
Total Liabilities	336,860,463	300,836,949	36,023,514
DEFERRED INFLOWS OF RESOURCES	9,914,811	4,287,134	5,627,677
NET POSITION			
Net investment in capital assets	89,692,911	81,025,977	8,666,934
Restricted	21,834,811	28,885,895	(7,051,084)
Unrestricted	(89,476,353)	(70,851,452)	(18,624,901)
Total Net Position	$ 22,051,369	$ 39,060,420	$ (17,009,051)

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
	2018	2017	Net Change
REVENUES			
Program revenues			
Charges for services	$ 207,852	$ 244,664	$ (36,812)
Operating grants and contributions	31,998,242	41,738,554	(9,740,312)
General revenues			
Property taxes	32,274,636	30,780,025	1,494,611
Unrestricted federal and state aid	85,745,052	88,434,006	(2,688,954)
Other	3,759,761	3,769,976	(10,215)
Total Revenues	153,985,543	164,967,225	(10,981,682)
EXPENSES			
Instruction	80,923,785	83,445,214	(2,521,429)
Instruction-related services	15,767,408	14,387,017	1,380,391
Pupil services	20,762,302	21,041,084	(278,782)
General administration	9,144,348	7,284,433	1,859,915
Plant services	19,669,180	15,317,088	4,352,092
Ancillary and community services	3,150,716	2,863,053	287,663
Debt service	7,254,729	6,435,586	819,143
Other outgo	1,554,712	233,691	1,321,021
Enterprise activities	82,597	76,361	6,236
Total Expenses	158,309,777	151,083,527	7,226,250
Change in net position	(4,324,234)	13,883,698	(18,207,932)
Net Position - Beginning, as Restated*	26,375,603	25,176,722	1,198,881
Net Position - Ending	$ 22,051,369	$ 39,060,420	$ (17,009,051)

** Beginning Net Position was restated for the 2018 year only*

The cost of all our governmental activities this year was $158,309,777 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $32,274,636 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2018	**2017**
Instruction	$ 66,329,144	$ 60,672,706
Instruction-related services	10,498,222	9,232,697
Pupil services	13,166,085	12,644,681
General administration	8,102,072	6,085,985
Plant services	16,532,146	11,012,523
Ancillary and community services	3,121,527	2,788,645
Debt service	7,254,729	6,435,586
Transfers to other agencies	1,017,161	151,125
Other	82,597	76,361
Total Expenses	$ 126,103,683	$ 109,100,309

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $98,855,701, which is more than last year's ending fund balance of $93,248,396. The District's General Fund had $1,874,409 less in operating revenues than expenditures for the year ended June 30, 2018. The Building Fund had $6,890,035 less in operating revenues than expenditures for the year ended June 30, 2018.

CURRENT YEAR BUDGET 2017-2018

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-2018 the District had invested $213,001,682 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2018	2017	Net Change
CAPITAL ASSETS			
Land	$ 9,439,111	$ 5,210,492	$ 4,228,619
Construction in progress	16,805,443	7,577,297	9,228,146
Land improvements	5,971,385	5,971,385	-
Buildings & improvements	268,602,091	266,312,005	2,290,086
Furniture & equipment	23,201,918	21,959,861	1,242,057
Accumulated depreciation	(111,018,266)	(101,239,101)	(9,779,165)
Total Capital Assets	$213,001,682	$205,791,939	$ 7,209,743

Long-Term Debt

At year-end, the District had $313,781,295 in long-term liabilities, an increase of 7.55% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2018	2017	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$163,612,111	$159,551,853	$ 4,060,258
Lease purchase agreement	10,865,000	-	10,865,000
Capital leases	236,509	628,818	(392,309)
Early retirement incentive	1,170,124	1,462,655	(292,531)
Compensated absences	1,140,148	1,323,927	(183,779)
Total OPEB liability*	22,791,413	23,052,956	(261,543)
Net pension liability	123,787,229	114,811,954	8,975,275
Less: current portion of long-term debt	(9,821,239)	(9,068,136)	(753,103)
Total Long-term Liabilities	$313,781,295	$291,764,027	$ 22,017,268

**Total OPEB liability for 2017 was restated in order to record the District's total OPEB liability in accordance with GASB Statement No. 75 which supersedes GASB Statement No. 45 for the year ended June 30, 2018.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The State's economy continues to be strong but a new governor could change the fiscal policy for the funding of public education, within the boundaries of Proposition 98. Past fiscal allocations had included higher than expected funding but on-going funding may not be as strong. The UCLA Anderson Forecast (June 2018) noted that the "era of ultra-low interest rates has passed and the economy is at full employment," which creates difficulty sustaining continued growth at the rate recently experienced. And, according to the California Legislative Analyst's Office, there are concerns about a possible mild recession.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The 2018-19 adopted State Budget fully funded the LCFF funding gap two years ahead of schedule.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2018. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2018-19 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Chief Business Official, El Monte Union High School District, 3537 Johnson Avenue, El Monte, California, 91731.

	Governmental Activities
ASSETS	
Cash and investments	$ 107,873,361
Accounts receivable	3,239,678
Inventory	340,611
Capital assets, not depreciated	26,244,554
Capital assets, net of accumulated depreciation	186,757,128
Total Assets	324,455,332
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	36,902,856
Deferred amount on refunding	7,468,455
Total Deferred Outflows of Resources	44,371,311
LIABILITIES	
Accrued liabilities	11,449,927
Unearned revenue	1,808,002
Long-term liabilities, current portion	9,821,239
Long-term liabilities, non-current portion	313,781,295
Total Liabilities	336,860,463
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	9,502,192
Deferred amount on refunding	412,619
Total Deferred Inflows of Resources	9,914,811
NET POSITION	
Net investment in capital assets	89,692,911
Restricted:	
Capital projects	5,726,340
Debt service	2,017,740
Educational programs	13,332,899
All others	757,832
Unrestricted	(89,476,353)
Total Net Position	$ 22,051,369

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

EL MONTE UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 80,923,785	$ 37,128	$ 14,557,513	$ (66,329,144)
Instruction-related services				
Instructional supervision and administration	5,198,016	4,935	2,415,845	(2,777,236)
Instructional library, media, and technology	1,335,917	-	34,254	(1,301,663)
School site administration	9,233,475	7,869	2,806,283	(6,419,323)
Pupil services				
Home-to-school transportation	2,475,486	1	14,534	(2,460,951)
Food services	5,519,968	107,403	5,209,000	(203,565)
All other pupil services	12,766,848	5,920	2,259,359	(10,501,569)
General administration				
Centralized data processing	2,653,047	1,222	125,593	(2,526,232)
All other general administration	6,491,301	3,146	912,315	(5,575,840)
Plant services	19,669,180	36,894	3,100,140	(16,532,146)
Ancillary services	3,150,716	16	29,173	(3,121,527)
Enterprise activities	82,597	-	-	(82,597)
Interest on long-term debt	7,254,729	-	-	(7,254,729)
Other outgo	1,554,712	3,318	534,233	(1,017,161)
Total Governmental Activities	$ 158,309,777	$ 207,852	$ 31,998,242	(126,103,683)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				19,383,414
Property taxes, levied for debt service				11,721,186
Property taxes, levied for other specific purposes				1,170,036
Federal and state aid not restricted for specific purposes				85,745,052
Interest and investment earnings				1,152,134
Miscellaneous				2,607,627
Subtotal, General Revenue				121,779,449
CHANGE IN NET POSITION				(4,324,234)
Net Position - Beginning, as Restated				26,375,603
Net Position - Ending				$ 22,051,369

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

EL MONTE UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 48,216,526	$ 34,522,376	$ 25,134,459	$ 107,873,361
Accounts receivable	2,346,395	251,263	642,020	3,239,678
Stores inventory	169,534	-	171,077	340,611
Total Assets	$ 50,732,455	$ 34,773,639	$ 25,947,556	$ 111,453,650
LIABILITIES				
Accrued liabilities	$ 7,079,886	$ 2,211,494	$ 1,498,567	$ 10,789,947
Unearned revenue	1,779,008	-	28,994	1,808,002
Total Liabilities	8,858,894	2,211,494	1,527,561	12,597,949
FUND BALANCES				
Nonspendable	199,534	-	176,377	375,911
Restricted	3,667,074	32,562,145	18,827,717	55,056,936
Committed	-	-	5,415,901	5,415,901
Assigned	20,891,455	-	-	20,891,455
Unassigned	17,115,498	-	-	17,115,498
Total Fund Balances	41,873,561	32,562,145	24,419,995	98,855,701
Total Liabilities and Fund Balances	$ 50,732,455	$ 34,773,639	$ 25,947,556	$ 111,453,650

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

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds			$	98,855,701
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:				
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:				
Capital assets	$	324,019,948		
Accumulated depreciation		(111,018,266)		213,001,682
Deferred amount on refunding:				
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:				7,055,836
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 unmatured interest owing at the end of the period was:				(659,980)
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 consist of:				
Total general obligation bonds	$	163,612,111		
Lease purchase agreement		10,865,000		
Capital leases		236,509		
Early retirement incentive		1,170,124		
Compensated absences		1,140,148		
Total OPEB liability		22,791,413		
Net pension liability		123,787,229		(323,602,534)
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.				
Deferred outflows of resources related to pensions	$	36,902,856		
Deferred inflows of resources related to pensions		(9,502,192)		27,400,664
Total Net Position - Governmental Activities			$	22,051,369

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

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 99,396,320	$ -	$ 2,190,000	$ 101,586,320
Federal sources	6,034,974	-	6,041,948	12,076,922
Other state sources	8,542,346	-	10,965,732	19,508,078
Other local sources	9,111,067	427,406	13,915,322	23,453,795
Total Revenues	123,084,707	427,406	33,113,002	156,625,115
EXPENDITURES				
Current				
Instruction	67,293,872	-	6,708,010	74,001,882
Instruction-related services				
Instructional supervision and administration	4,294,818	-	925,393	5,220,211
Instructional library, media, and technology	1,342,321	-	-	1,342,321
School site administration	6,632,028	-	2,500,961	9,132,989
Pupil services				
Home-to-school transportation	2,105,135	-	-	2,105,135
Food services	91,121	-	5,335,126	5,426,247
All other pupil services	12,413,973	-	364,959	12,778,932
General administration				
Centralized data processing	2,557,114	-	-	2,557,114
All other general administration	5,498,708	-	598,947	6,097,655
Plant services	15,242,547	-	3,165,936	18,408,483
Facilities acquisition and maintenance	2,543,924	7,066,768	7,811,284	17,421,976
Ancillary services	3,110,879	-	-	3,110,879
Enterprise activities	-	-	82,597	82,597
Transfers to other agencies	1,426,417	-	-	1,426,417
Debt service				
Principal	392,309	-	7,085,953	7,478,262
Interest and other	13,950	250,673	5,922,185	6,186,808
Total Expenditures	124,959,116	7,317,441	40,501,351	172,777,908
Excess (Deficiency) of Revenues				
Over Expenditures	(1,874,409)	(6,890,035)	(7,388,349)	(16,152,793)
Other Financing Sources (Uses)				
Transfers in	-	-	1,000,000	1,000,000
Other sources	-	21,207,629	552,469	21,760,098
Transfers out	(1,000,000)	-	-	(1,000,000)
Net Financing Sources (Uses)	(1,000,000)	21,207,629	1,552,469	21,760,098
NET CHANGE IN FUND BALANCE	(2,874,409)	14,317,594	(5,835,880)	5,607,305
Fund Balance - Beginning	44,747,970	18,244,551	30,255,875	93,248,396
Fund Balance - Ending	$ 41,873,561	$ 32,562,145	$ 24,419,995	$ 98,855,701

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

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Change in Fund Balances - Governmental Funds		$ 5,607,305
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 costs 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:		
Expenditures for capital outlay:	$ 17,012,266	
Depreciation expense:	(9,796,718)	7,215,548
Debt service:		
In governmental funds, repayments 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:		8,257,309
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(21,760,098)
Deferred amounts on refunding:		
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:		(681,091)
Gain or loss from the disposal of capital assets:		
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(5,805)
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 government-wide statement of activities, it is recognized in the period 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:		(264,012)

(continued on next page)

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

Accreted interest on long-term debt:	
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.	(2,444,986)
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 amount earned. The difference between compensated absences paid and compensated absences earned, was:	183,779
Postemployment benefits other than pensions (OPEB):	
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:	261,543
Pensions:	
In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:	(2,401,083)
Other liabilities not normally liquidated with current financial resources:	
In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:	292,531
Amortization of debt issuance premium or discount:	
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 is amortized over the life of the debt. Amortization of premium or discount for the period is:	1,414,826
Change in Net Position of Governmental Activities	$ (4,324,234)

EL MONTE UNION HIGH SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Agency Funds	
	Warrant/Pass-through Fund	Student Body Fund
ASSETS		
Cash and investments	$ 594,441	$ 1,070,763
Accounts receivable	6,943	-
Total Assets	$ 601,384	$ 1,070,763
LIABILITIES		
Accrued liabilities	$ 601,384	$ -
Due to student groups	-	1,070,763
Total Liabilities	$ 601,384	$ 1,070,763

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The El Monte Union High School District (the "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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 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.

B. 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. The District has no such component units.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements 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 revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue 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. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. 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 non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General 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 purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

Deferred Maintenance Fund: This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections* 17582–17587). In addition, whenever the state funds provided pursuant to *Education Code Sections* 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections* 17582 and 17583).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

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

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code Sections* 15125–15262). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fiduciary Funds

Agency Funds: Agency funds are used to account for assets held in an agent capacity for others that cannot be used to support the District's own programs.

Warrant/Pass-Through Fund: This fund exists primarily to account separately for amounts collected from employees for federal taxes, state taxes, transfers to credit unions, and other contributions.

Student Body Fund: The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections* 48930–48938).

D. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements
The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements 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.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions (continued)
Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents
The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

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

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost on the weighted average basis and consist of expendable supplies held for consumption.

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings	20 to 50 years
Improvements	5 to 50 years
Equipment	2 to 15 years

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Compensated Absences

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

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 because 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.

Accrued Liabilities and Long-Term Obligations

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2016 to June 30, 2018

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Premiums and Discounts
In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

I. Property Tax

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 75 for the year ended June 30, 2018.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2018. The District has not yet determined the impact on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been 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 other postemployment benefits [OPEB]). The statement is effective for periods beginning after June 15, 2017. The District has implemented GASB Statement No. 85 for the year ended June 30, 2018.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after December 15, 2019. The District has not determined the impact on the financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This standard's primary objective 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. The statement is effective for periods beginning after June 15, 2018. The District has not determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Activities	Fiduciary Funds
Investment in county treasury	$ 107,838,061	$ 594,441
Cash on hand and in banks	-	1,070,763
Cash in revolving fund	35,300	-
Total cash and investments	$ 107,873,361	$ 1,665,204

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Los Angeles County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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 (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately $106,979,986 and an amortized book value of $108,432,502. The average weighted maturity for this pool is 609 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2018, the pooled investments in the County Treasury were not rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2018 were as follows:

	Uncategorized
Investment in county treasury	$ 106,979,986
Total fair market value of investments	$ 106,979,986

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities	Total Fiduciary
Federal Government					
Categorical aid	$ 1,197,748	$ -	$ 439,320	$ 1,637,068	$ -
State Government					
Categorical aid	285,578	-	13,201	298,779	-
Lottery	375,454	-	-	375,454	-
Local Government					
Other local sources	487,615	251,263	189,499	928,377	6,943
Total	$ 2,346,395	$ 251,263	$ 642,020	$ 3,239,678	$ 6,943

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities				
Capital assets not being depreciated				
Land	$ 5,210,492	$ 4,228,619	$ -	$ 9,439,111
Construction in progress	7,577,297	11,518,232	2,290,086	16,805,443
Total Capital Assets not Being Depreciated	12,787,789	15,746,851	2,290,086	26,244,554
Capital assets being depreciated				
Land improvements	5,971,385	-	-	5,971,385
Buildings & improvements	266,312,005	2,290,086	-	268,602,091
Furniture & equipment	21,959,861	1,265,415	23,358	23,201,918
Total Capital Assets Being Depreciated	294,243,251	3,555,501	23,358	297,775,394
Less Accumulated Depreciation				
Land improvements	4,230,005	270,514	-	4,500,519
Buildings & improvements	82,074,657	7,066,027	-	89,140,684
Furniture & equipment	14,934,439	2,460,177	17,553	17,377,063
Total Accumulated Depreciation	101,239,101	9,796,718	17,553	111,018,266
Governmental Activities				
Capital Assets, net	$ 205,791,939	$ 9,505,634	$ 2,295,891	$ 213,001,682

NOTE 4 – CAPITAL ASSETS (continued)

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

Governmental Activities	
Instruction	$ 8,817,046
Home-to-school transportation	293,903
All other general administration	391,868
Plant services	293,901
Total depreciation expense	$ 9,796,718

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

Interfund transfers for the year ended June 30, 2018 consisted of the General Fund transferring $1,000,000 to the Non-Major Special Reserve Fund for Capital Outlay Projects to fund bus replacements.

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2018 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities	Total Fiduciary
Payroll	$ 2,196,493	$ 1,865	$ 220,952	$ -	$ 2,419,310	$ -
Construction	-	2,209,629	-	-	2,209,629	-
Vendors payable	4,883,393	-	1,277,615	-	6,161,008	601,384
Unmatured interest	-	-	-	659,980	659,980	-
Total	$ 7,079,886	$ 2,211,494	$ 1,498,567	$ 659,980	$ 11,449,927	$ 601,384

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2018 consisted of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal sources	$ 4,941	$ -	$ 4,941
State categorical sources	1,774,067	-	1,774,067
Local sources	-	28,994	28,994
Total	$ 1,779,008	$ 28,994	$ 1,808,002

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2018 consisted of the following:

	Restated Balance July 01, 2017	Additions	Deductions	Balance June 30, 2018	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 144,167,765	$ 13,340,084	$ 7,865,000	$ 149,642,849	$ 7,879,751
Unamortized premium	15,384,088	-	1,297,343	14,086,745	1,297,343
Unamortized discount	-	(122,378)	(4,895)	(117,483)	(4,895)
Total general obligation bonds	159,551,853	13,217,706	9,157,448	163,612,111	9,172,199
Lease purchase agreement	-	10,865,000	-	10,865,000	120,000
Capital leases	628,818	-	392,309	236,509	236,509
Early retirement incentive	1,462,655	-	292,531	1,170,124	292,531
Compensated absences	1,323,927	-	183,779	1,140,148	-
Total OPEB liability	23,052,956	-	261,543	22,791,413	-
Net pension liability	114,811,954	8,975,275	-	123,787,229	-
Total	$ 300,832,163	$ 33,057,981	$ 10,287,610	$ 323,602,534	$ 9,821,239

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for capital leases are made in the General Fund.
- Payments for early retirement incentive are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

A. General Obligation Bonds

The outstanding general obligation bonds are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2017	Additions	Deductions	Bonds Outstanding June 30, 2018
Election 2008, Series A	June 2, 2009	June 1, 2034	4.75% - 9.50%	$ 54,001,305	$ 2,530,982	$ 246,156	$ 1,360,000	$ 1,417,138
Election 2008, Series B	August 9, 2012	June 1, 2042	1.68% - 7.00%	30,337,787	38,986,783	2,168,659	80,000	41,075,442
2015 Refunding	September 2, 2015	June 1, 2032	2.00% - 5.25%	27,195,000	26,325,000	-	200,000	26,125,000
2016 Refunding - Delayed Delivery	March 4, 2016	June 1, 2021	3.00% - 5.00%	28,755,000	22,950,000	-	5,840,000	17,110,000
Election 2008, Series C	March 16, 2016	June 1, 2022	2.00% - 4.00%	5,260,000	4,850,000	-	385,000	4,465,000
2016 Refunding	March 16, 2016	June 1, 2034	2.00% - 5.00%	49,545,000	48,525,000	-	-	48,525,000
Election 2008, Series D	November 2, 2017	June 1, 2043	3.00% - 4.16%	10,895,098	-	10,925,269	-	10,925,269
					$ 144,167,765	$ 13,340,084	$ 7,865,000	$ 149,642,849

Election of 2008, Series A

On June 16, 2009, the District issued $54,001,305 of Series A General Obligation Bonds. The bonds mature beginning on June 1, 2011, through June 1, 2034, with interest yields ranging from 4.75 to 9.50 percent. The Series A bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $3,593,695, and an aggregate principal debt service balance of $57,595,000. The Series A General Obligation bonds were issued for the purpose of financing the construction and renovation of school facilities. The District received net proceeds of $55,094,350 (including a premium of $2,503,000 and payment of $1,409,955 for issuance costs). At June 30, 2018, the Series A General Obligation Bonds principal balance outstanding was $1,417,138 and unamortized premium was $1,668,667.

NOTE 8 – LONG-TERM DEBT

A. General Obligation Bonds (continued)

Election of 2008, Series B

On August 22, 2012, the District issued $30,337,786 of Series B General Obligation Bonds, with interest rates ranging from 1.68 to 7.00 percent, to pay off $30,200,000 of outstanding 2011 Bond Anticipation Notes. The bonds mature beginning on June 1, 2013, through June 1, 2042. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $85,502,044 and an aggregate principal debt service balance of $115,839,830. The District received net proceeds of $31,435,667 (including a premium of $1,789,819 and payment of $691,938 for issuance costs). At June 30, 2018, the Series B General Obligation Bonds principal balance outstanding was $41,075,442 and unamortized premium was $1,419,511.

2015 General Obligation Refunding Bonds

On September 2, 2015, the District issued $27,195,000 in 2015 General Obligation Refunding Bonds, with interest rates ranging from 2.00 to 5.25 percent, to currently refund the District's outstanding Election of 2002, Series A General Obligation Bonds, advance refund a portion of the District's outstanding Election of 2002, Series C General Obligation Bonds, and pay the costs of issuance of the 2015 bonds. The 2015 General Obligation Refunding Bonds were issued as current interest bonds and have a final maturity date of June 1, 2032. The District received net proceeds of $30,699,885 (including a premium of $3,504,885 and a payment of $230,650 in underwriter fees, insurance, and other issuance costs).

The net proceeds received for the 2015 General Obligation Refunding Bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the Election of 2002, Series A General Obligation Bonds that were currently refunded and future debt service payments on the Election of 2002, Series C General Obligation Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred outflows on refunding of $1,266,419 remain to be amortized. This refunding reduced total debt service payments by $3,395,588 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,461,338. At June 30, 2018, the 2015 General Obligation Refunding Bonds principal balance outstanding was $26,125,000 and unamortized premium was $2,886,376.

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

2016 General Obligation Refunding Bonds – Delayed Delivery
On March 4, 2016, the District issued $28,755,000 in 2016 General Obligation Refunding Bonds – Delayed Delivery, with interest rates ranging from 3.00 to 5.00 percent, to currently refund the District's outstanding 2006 General Obligation Refunding Bonds and pay the costs of issuance of the 2016 bonds. The 2016 General Obligation Refunding Bonds - Delayed Delivery were issued as current interest bonds and have a final maturity date of June 1, 2021. The District received net proceeds of $31,388,265 (including a premium of $2,633,265 and a payment of $239,421 in underwriter fees, insurance, and other issuance costs).

The net proceeds received for the 2016 General Obligation Refunding Bonds – Delayed Delivery were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the 2006 General Obligation Refunding Bonds that were currently refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred inflows on refunding of $687,699 remain to be amortized. This refunding reduced total debt service payments by $3,322,181 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,970,446. At June 30, 2018, the 2016 General Obligation Refunding Bonds – Delayed Delivery principal balance outstanding was $17,110,000 and unamortized premium was $1,316,632.

Election of 2008, Series C
On March 16, 2016, the District issued $5,260,000 of Election of 2008, Series C General Obligation Bonds, with interest rates ranging from 2.00 to 4.00 percent, to finance the renovation, construction, and improvement of school facilities. The bonds mature beginning on June 1, 2017, through June 1, 2022. The Series C bonds were issued as current interest bonds. The District received net proceeds of $5,834,591 (including a premium of $574,591 and payment of $60,481 for issuance costs). At June 30, 2018, the Series C General Obligation Bonds principal balance outstanding was $4,465,000 and unamortized premium was $328,338.

2016 General Obligation Refunding Bonds
On March 16, 2016, the District issued $49,545,000 in 2016 General Obligation Refunding Bonds, with interest rates ranging from 2.00 to 5.00 percent, to advance refund the District's outstanding a portion of the Election of 2008, Series A General Obligation Bonds and pay the costs of issuance of the 2016 bonds. The 2016 General Obligation Refunding Bonds were issued as current interest bonds and have a final maturity date of June 1, 2034. The District received net proceeds of $57,224,825 (including a premium of $7,679,825 and a payment of $369,908 in underwriter fees, insurance, and other issuance costs).

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

2016 General Obligation Refunding Bonds, continued

The net proceeds received for the 2016 General Obligation Refunding Bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the Election of 2008, Series A General Obligation Bonds that were advance refunded. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's financial statements. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized as an expense over the life of the bond. Deferred inflows on refunding of $6,977,290 remain to be amortized. This refunding reduced total debt service payments by $9,812,075 and resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $6,527,937. At June 30, 2018, the 2016 General Obligation Refunding Bonds principal balance outstanding was $48,525,000 and unamortized premium was $6,467,221.

Election of 2008, Series D

On November 2, 2017, the District issued $10,895,098 of Election of 2008, Series D General Obligation Bonds, with interest rates ranging from 3.00 to 4.16 percent, to finance the renovation, construction, and improvement of school facilities. The bonds mature beginning on June 1, 2019 through June 1, 2043. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $1,754,902, and an aggregate principal debt service balance of $12,650,000. The District received net proceeds of $10,772,720 (including a discount of $122,378 and payment of $244,923 for issuance costs). At June 30, 2018, the Series D General Obligation Bonds principal balance outstanding was $10,925,269 and unamortized discount was $117,483.

The general obligation bonds mature through 2043 as follows:

Year Ended June 30,	Principal	Interest	Total
1900	$ 7,879,751	$ 5,725,068	$ 13,604,819
1900	9,340,459	4,494,860	13,835,319
1900	7,855,216	4,120,353	11,975,569
1900	4,307,627	3,870,692	8,178,319
1900	4,617,197	3,821,122	8,438,319
1900 - 1900	29,296,104	17,489,777	46,785,881
1900 - 1900	39,416,702	13,697,992	53,114,694
1900 - 1900	15,984,864	37,295,826	53,280,690
1900 - 1900	19,158,061	42,604,379	61,762,440
Accretion	11,786,868	(11,786,868)	-
Total	$ 149,642,849	$ 121,333,200	$ 270,976,049

NOTE 8 – LONG-TERM DEBT (continued)

B. Lease Purchase Agreement

On December 1, 2017, the District entered into a lease purchase agreement with the Public Property Financing Corporation of California in order to finance the acquisition, construction and installation of solar photovoltaic systems at Arroyo High School, Mountain View High School, Rosemead High School, South El Monte High School, and Rosemead Adult School. Semi-annual payments are due August 1, 2018 through August 1, 2042 with a stated interest rate of 4.90%. Future lease payments are as follows:

Year Ended June 30,	Principal	Interest	Total
1900	$ 120,000	$ 581,187	$ 701,187
1900	200,000	523,688	723,688
1900	195,000	514,378	709,378
1900	205,000	504,700	709,700
1900	240,000	494,288	734,288
1900 - 1900	1,535,000	2,270,048	3,805,048
1900 - 1900	2,200,000	1,823,290	4,023,290
1900 - 1900	2,990,000	1,199,398	4,189,398
1900 - 1900	3,180,000	395,308	3,575,308
Total	$ 10,865,000	$ 8,306,285	$ 19,171,285

C. Capital Leases

The District has entered into various capital lease agreements for photocopiers. Future minimum lease payments are as follows:

Year Ended June 30,	Lease Payment
1900	$ 240,686
Total minimum lease payments	240,686
Less amount representing interest	(4,177)
Present value of minimum lease payments	$ 236,509

NOTE 8 – LONG-TERM DEBT (continued)

D. Early Retirement Incentive

During the 2016-17 school year, the District adopted a supplemental early retirement plan whereby certain eligible employees are provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to the employees are to be paid over a five-year period. As of June 30, 2018, remaining obligation is as follows:

Year Ended June 30,		Payment
1900	$	292,531
1900		292,531
1900		292,531
1900		292,531
Total payments	$	1,170,124

E. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2018 amounted to $1,140,148. This amount is included as part of long-term liabilities in the government-wide financial statements.

F. Other Postemployment Benefits

The District's restated beginning total OPEB liability was $23,052,956 and decreased by $261,543 during the year ended June 30, 2018. The ending total OPEB liability at June 30, 2018 was $22,791,413. See Note 10 for additional information regarding the total OPEB liability.

G. Net Pension Liability

The District's beginning net pension liability was $114,811,954 and increased by $8,975,275 during the year ended June 30, 2018. The ending net pension liability at June 30, 2018 was $123,787,229. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2018:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 30,000	$ -	$ 5,300	$ 35,300
Stores inventory	169,534	-	171,077	340,611
Total non-spendable	199,534	-	176,377	375,911
Restricted				
Educational programs	3,667,074	-	9,665,825	13,332,899
Capital projects	-	32,562,145	5,726,340	38,288,485
Debt service	-	-	2,677,720	2,677,720
All others	-	-	757,832	757,832
Total restricted	3,667,074	32,562,145	18,827,717	55,056,936
Committed				
Deferred maintenance	-	-	5,415,901	5,415,901
Total committed	-	-	5,415,901	5,415,901
Assigned				
Other assignments	17,985,289	-	-	17,985,289
Postemployment benefits	2,906,166	-	-	2,906,166
Total assigned	20,891,455	-	-	20,891,455
Unassigned				
Reserve for economic uncertainties	14,393,403	-	-	14,393,403
Remaining unassigned	2,722,095	-	-	2,722,095
Total unassigned	17,115,498	-	-	17,115,498
Total	$ 41,873,561	$ 32,562,145	$ 24,419,995	$ 98,855,701

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. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than three percent of General Fund expenditures and other financing uses.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Benefits Provided

The El Monte Union High School District's defined benefit OPEB plan, El Monte Union High School District Retiree Benefit Plan (the Plan) is described below. The single employer plan is administered by the El Monte Union High School District.

Employees and retirees may choose from a United HealthCare PPO, a United HealthCare HMO, and a Kaiser HMO under the Southern California Schools VEBA. Dental and vision benefits have been extended to all new retirees beginning on July 1, 2009 and are 100% District-paid regardless of tier.

Upon attainment of age 55 and completion of at least 12 years of continuous District service, all employees including Classified, Certificated, Management, or non-represented, may retire and receive a District-paid contribution towards medical/prescription drug coverage, subject to making any required retiree contributions. Classified employees must have regularly worked at least 4 hours daily to be eligible. CSEA members hired on or after October 1, 1982, who regularly worked between 4 and 5 1/2 hours per day, will receive 50% of the full District contribution, and those who regularly worked between 6 and 7 1/2 hours per day will receive 75% of the full District contribution. Benefits end at age 65.

B. Contributions

The contribution requirements of Plan members and the El Monte Union High School District are established and may be amended by the El Monte Union High School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

C. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	59
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	827
Total number of participants**	886

*Information not provided
**As of the June 30, 2018 valuation date

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

D. Total OPEB Liability

The El Monte Union High School District's total OPEB liability of $22,791,413 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Economic assumptions:

Inflation	4.00%
Salary increases	3.00%
Investment rate of return	4.00%
Healthcare cost trend rates	6.00%

Non-economic assumptions:

Mortality:

Pre-retirement	RP-2014 Employee Mortality
Post-retirement	RP-2014 Healthy Annuity Mortality

Retirement rates:

Age	Percent Retiring*
55	6.0
56	7.0
57	8.0
58	10.0
59	12.0
60	15.0
61	18.0
62	20.0
63	25.0
64	30.0
65+	100.0

* Of those having met the eligibility for District-paid benefits. The percentage refers to the probability that an active employee reaching the stated age will retire within the following year.

The actuarial assumptions used in the June 30, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

F. Changes in Total OPEB Liability

	June 30, 2018
Total OPEB Liability	
Service Cost	$ 1,095,821
Interest on total OPEB liability	894,069
Changes of assumptions	(1,363,348)
Benefits payments	(888,085)
Net change in total OPEB liability	(261,543)
Total OPEB liability - beginning	23,052,956
Total OPEB liability - ending	$ 22,791,413
Covered payroll	$ 72,363,559
District's total OPEB liability as a percentage of covered payroll	31.50%

The El Monte Union High School District has invoked Paragraph 244 of GASB Statement 75 for the transition due to cost constraints. Consequently, in order to determine the beginning total OPEB liability, a "roll-back" technique has been used.

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

The following presents the total OPEB liability of the El Monte Union High School District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00 percent) or one percentage point higher (5.00 percent) than the current discount rate:

	1% Decrease (3.00%)	Valuation Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$ 24,830,492	$ 22,791,413	$ 20,911,827

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

H. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the El Monte Union High School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.00 percent) or one percentage point higher (7.00 percent) than the current healthcare cost trend rate:

	1% Decrease (5.00%)	Valuation Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB liability	$ 20,324,688	$ 22,791,413	$ 25,673,875

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

For the fiscal year ended June 30, 2018, the El Monte Union High School District recognized OPEB expense of $(261,543).

Prior periods of deferred outflows and deferred inflows of resources were not restated due to the fact that prior valuations were not rerun in accordance with Paragraph 244 of GASB Statement 75. It was determined the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified. In the future, gains and losses related to changes in total OPEB liability will be recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement 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). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 84,857,991	$ 24,449,373	$ 8,775,944	$ 7,910,651
PERS Pension	38,929,238	12,453,483	726,248	5,623,391
Total	$ 123,787,229	$ 36,902,856	$ 9,502,192	$ 13,534,042

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2018, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018 was 14.43% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $7,549,296 for the year ended June 30, 2018.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $4,082,436 to CalSTRS.

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

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

District's proportionate share of the net pension liability	$	84,857,991
State's proportionate share of the net pension liability associated with the District		50,201,679
Total	$	135,059,670

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.092 percent, which was a decrease of 0.007 percent from its proportion measured as of June 30, 2016.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2018, the District recognized pension expense of $7,910,651. In addition, the District recognized pension expense and revenue of $1,442,864 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ -	$ 2,260,005
Differences between expected and actual experience	313,813	1,480,059
Changes in assumptions	15,720,934	
Changes in proportion and differences between District contributions and proportionate share of contributions	865,330	5,035,880
District contributions subsequent to the measurement date	7,549,296	-
	$ 24,449,373	$ 8,775,944

The $7,549,296 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 2,888,791	$ 3,056,684
2020	2,888,791	(245,855)
2021	2,888,791	973,199
2022	2,888,789	3,187,439
2023	2,672,458	1,003,409
2024	2,672,457	801,068
	$ 16,900,077	$ 8,775,944

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010–June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
Cash/Liquidity	2%	-1.00%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 124,598,471	$ 84,857,991	$ 52,605,898

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.5% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018 was 15.531% of annual payroll. Contributions to the plan from the District were $3,583,663 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $38,929,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.163 percent, which was a decrease of 0.011 percent from its proportion measured as of June 30, 2016.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

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

For the year ended June 30, 2018, the District recognized pension expense of $5,623,391. 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	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 1,346,685	$ -
Differences between expected and actual experience	1,394,674	-
Changes in assumptions	5,686,228	458,344
Changes in proportion and differences between District contributions and proportionate share of contributions	442,233	267,904
District contributions subsequent to the measurement date	3,583,663	-
	$ 12,453,483	$ 726,248

The $12,453,483 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 3,076,178	$ 658,480
2020	3,852,012	35,667
2021	2,679,075	32,101
2022	(737,445)	-
	$ 8,869,820	$ 726,248

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions (continued)

The table below reflects 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 geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
	100.0%		

*An expected inflation of 2.50% used for this period.
**An expected inflation of 3.00% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 57,277,384	$ 38,929,238	$ 23,707,914

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2018.

C. Construction Commitments

As of June 30, 2018, the District had commitments with respect to unfinished capital projects of $8,447,977.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of MERGE. The District pays an annual premium to the entity for its workers' compensation, property liability, and excess liability coverage. MERGE obtains excess liability coverage for its members through SELF (School Excess Liability Fund). The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

This entity has budgeting and financial reporting requirements independent of member units and its financial statements are not presented in these financial statements; however, fund transactions between the entity and the District are included in these statements. Audited financial statements are available from the identified entity.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2018, the deferred outflows of resources on refunding was $7,468,455 and the deferred inflows of resources on refunding was $412,619.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2018, total deferred outflows related to pensions was $36,902,856 and total deferred inflows related to pensions was $9,502,192.

NOTE 15 – RISK MANAGEMENT

The District's risk management activities are recorded in the General Fund. The District purchases commercial insurance for employee medical benefit programs in addition to participating in the Southern California Schools Voluntary Employee Benefits Association (SCSVEBA), a tax exempt voluntary employees benefit trust. The District participates in the Merge Risk Management Public Entity Risk Pool (MERGE) for workers' compensation and property and liability claims. Excess property and liability coverage is obtained through participation in Schools Excess Liability Fund (SELF). The participation in the public entity risk pools represents a transfer of risk to the pool. The District's share of assets, liabilities or fund equities has not been calculated. Provisions of the agreements with the public entity risk pools provide for additional assessments for deficits within the pool based upon specific calculations. As of June 30, 2017, there was no information available indicating that the District had an outstanding obligation for any calculated deficits.

There have been no significant reductions in insurance coverage associated with the District's insurance programs. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 16 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District's total OPEB liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 39,060,420
Restatement	(12,684,817)
Net Position - Beginning, as Restated	$ 26,375,603

REQUIRED SUPPLEMENTARY INFORMATION

EL MONTE UNION HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 102,856,529	$ 100,777,448	$ 101,586,320	$ 808,872
Federal sources	5,966,008	6,050,213	6,034,974	(15,239)
Other state sources	3,780,252	14,296,697	8,542,346	(5,754,351)
Other local sources	7,034,836	7,267,492	9,044,148	1,776,656
Total Revenues	119,637,625	128,391,850	125,207,788	(3,184,062)
EXPENDITURES				
Certificated salaries	50,815,639	50,867,769	50,281,721	586,048
Classified salaries	20,470,330	21,329,869	21,067,816	262,053
Employee benefits	25,786,545	32,214,424	28,766,537	3,447,887
Books and supplies	7,407,352	11,275,346	6,056,580	5,218,766
Services and other operating expenditures	16,010,083	18,390,217	14,079,494	4,310,723
Capital outlay	626,838	4,034,451	3,471,034	563,417
Other outgo				
Excluding transfers of indirect costs	1,574,701	1,377,630	1,832,676	(455,046)
Transfers of indirect costs	(747,880)	(747,880)	(596,742)	(151,138)
Total Expenditures	121,943,608	138,741,826	124,959,116	13,782,710
Excess (Deficiency) of Revenues				
Over Expenditures	(2,305,983)	(10,349,976)	248,672	10,598,648
Other Financing Sources (Uses)				
Transfers out	(7,292,000)	(5,890,000)	(5,890,000)	-
Net Financing Sources (Uses)	(7,292,000)	(5,890,000)	(5,890,000)	-
NET CHANGE IN FUND BALANCE	(9,597,983)	(16,239,976)	(5,641,328)	10,598,648
Fund Balance - Beginning	41,886,628	41,886,628	41,886,628	-
Fund Balance - Ending	$ 32,288,645	$ 25,646,652	$ 36,245,300	$ 10,598,648

* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reason:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018
Total OPEB Liability	
Service Cost	$ 1,095,821
Interest on total OPEB liability	894,069
Changes of assumptions	(1,363,348)
Benefits payments	(888,085)
Net change in total OPEB liability	(261,543)
Total OPEB liability - beginning	23,052,956
Total OPEB liability - ending	$ 22,791,413
Covered payroll	$ 72,363,559
District's total OPEB liability as a percentage of covered payroll	31.50%

See accompanying note to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.092%	0.099%	0.100%	0.098%
District's proportionate share of the net pension liability	$ 84,857,991	$ 80,399,644	$ 67,293,511	$ 57,275,854
State's proportionate share of the net pension liability associated with the District	50,201,679	45,776,821	35,590,753	34,585,634
Total	$ 135,059,670	$ 126,176,465	$ 102,884,264	$ 91,861,488
District's covered payroll	$ 50,394,706	$ 50,182,852	$ 47,701,755	$ 43,655,261
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.4%	160.2%	141.1%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.163%	0.174%	0.173%	0.163%
District's proportionate share of the net pension liability	$ 38,929,238	$ 34,412,310	$ 25,529,882	$ 18,475,072
District's covered payroll	$ 20,904,738	$ 20,857,052	$ 19,223,162	$ 17,083,753
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.2%	165.0%	132.8%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 7,549,296	$ 6,339,654	$ 5,384,620	$ 4,201,988
Contributions in relation to the contractually required contribution*	(7,549,296)	(6,339,654)	(5,384,620)	(4,201,988)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 52,316,674	$ 50,394,706	$ 50,182,852	$ 47,701,755
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.81%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 3,583,663	$ 2,903,250	$ 2,470,935	$ 2,264,104
Contributions in relation to the contractually required contribution	(3,583,663)	(2,903,250)	(2,470,935)	(2,264,104)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,074,258	$ 20,904,738	$ 20,857,052	$ 19,223,162
Contributions as a percentage of covered payroll	15.53%	13.89%	11.85%	11.78%

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Total OPEB Liability and Related Ratios

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of District Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2018, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Other outgo			
Excluding transfers of indirect costs	$ 1,377,630	$ 1,832,676	$ 455,046
Transfers of indirect costs	$ (747,880)	$ (596,742)	$ 151,138

SUPPLEMENTARY INFORMATION

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

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 3,245,299
Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	29,863
Title I, Part C, Migrant Education	84.011	14838	13,093
Title II, Part A, Teacher Quality	84.367	14341	362,596
Title III			
Title III, English Learner Student Program	84.365	14346	191,865
Title III, Immigrant Education Program	84.365	15146	5,295
Subtotal Title III			197,160
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	939,362
Adult Education: Adult Secondary Education	84.002	13978	176,290
Subtotal Adult Education			1,115,652
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,425,447
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	96,246
Subtotal Special Education Cluster			1,521,693
Vocational Education			
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	288,551
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	43,428
Subtotal Vocational Education			331,979
Total U. S. Department of Education			6,817,335
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,335,830
National School Lunch Program	10.555	13391	3,032,118
USDA Commodities	10.555	*	492,481
Meal Supplements	10.555	*	20,764
Subtotal Child Nutrition Cluster			4,881,193
NSLP Equipment Assistance Grants	10.579	14906	1,675
Total U. S. Department of Agriculture			4,882,868
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Health Services:			
Medicaid			
Medi-Cal Billing Option	93.778	10013	103
Medi-Cal Administrative Activities	93.778	10060	376,719
Subtotal Medicaid			376,822
Total U. S. Department of Health & Human Services			376,822
Total Federal Expenditures			$ 12,077,025

* - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2018

	Second Period Report <6DFAAF00>	Annual Report <36E98E467>
SCHOOL DISTRICT		
Ninth through Twelfth		
Regular ADA	8,407.86	8,264.53
Extended Year Special Education	42.74	42.74
Special Education - Nonpublic Schools	31.60	35.42
Extended Year Special Education - Nonpublic Schools	2.29	2.29
Community Day School	30.15	31.45
Total Ninth through Twelfth	8,514.64	8,376.43
TOTAL SCHOOL DISTRICT	8,514.64	8,376.43

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2018

Grade Level	Minutes Requirement	2017-18 Actual Minutes	Number of Days	Status
Grade 9	64,800	64,822	180	Complied
Grade 10	64,800	64,822	180	Complied
Grade 11	64,800	64,822	180	Complied
Grade 12	64,800	64,822	180	Complied

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

	2019 (Budget)	2018	2017	2016
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 127,590,199	$ 125,207,788	$ 125,625,180	$ 125,194,294
Expenditures And Other Financing Uses	134,591,610	130,849,116	113,147,739	113,916,637
Net change in Fund Balance	$ (7,001,411)	$ (5,641,328)	$ 12,477,441	$ 11,277,657
Ending Fund Balance	$ 29,243,889	$ 36,245,300	$ 41,886,628	$ 29,409,187
Available Reserves*	$ 14,805,076	$ 17,115,498	$ 38,261,605	$ 12,530,830
Available Reserves As A Percentage Of Outgo	11.00%	13.08%	33.82%	11.00%
Long-term Debt	$ 313,781,295	$ 323,602,534	$ 288,147,346	$ 271,092,647
Average Daily Attendance At P-2	8,221	8,515	8,565	8,788

The General Fund balance has increased by $6,836,113 over the past two years. The fiscal year 2018-19 budget projects a decrease of $7,001,411. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2018-19 fiscal year. Total long-term obligations have increased by $52,509,887 over the past two years.

Average daily attendance has decreased by 273 ADA over the past two years. A decrease of 294 ADA is anticipated during the 2018-19 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

- The amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and the Special Reserve Fund for Postemployment Benefits, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

	General 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 balance	$ 36,245,300	$ 2,722,095	$ 2,906,166
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	5,628,261	(2,722,095)	(2,906,166)
Net adjustments and reclassifications	5,628,261	(2,722,095)	(2,906,166)
June 30, 2018, audited financial statement fund balance	$ 41,873,561	$ -	$ -

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
ASSETS							
Cash and investments	$ 9,490,337	$ 762,535	$ 5,487,472	$ 2,264,623	$ 4,451,772	$ 2,677,720	$ 25,134,459
Accounts receivable	358,150	141,590	35,301	78,213	28,766	-	642,020
Stores inventory	160,263	10,814	-	-	-	-	171,077
Total Assets	$ 10,008,750	$ 914,939	$ 5,522,773	$ 2,342,836	$ 4,480,538	$ 2,677,720	$ 25,947,556
LIABILITIES							
Accrued liabilities	$ 182,662	$ 111,999	$ 106,872	$ 584,992	$ 512,042	$ -	$ 1,498,567
Unearned revenue	-	28,994	-	-	-	-	28,994
Total Liabilities	182,662	140,993	106,872	584,992	512,042	-	1,527,561
FUND BALANCES							
Non-spendable	160,263	16,114	-	-	-	-	176,377
Restricted	9,665,825	757,832	-	1,757,844	3,968,496	2,677,720	18,827,717
Committed	-	-	5,415,901	-	-	-	5,415,901
Total Fund Balances	9,826,088	773,946	5,415,901	1,757,844	3,968,496	2,677,720	24,419,995
Total Liabilities and Fund Balance	$ 10,008,750	$ 914,939	$ 5,522,773	$ 2,342,836	$ 4,480,538	$ 2,677,720	$ 25,947,556

See accompanying note to supplementary information.

EL MONTE UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest & Redemption Fund	Non-Major Governmental Funds
REVENUES							
LCFF sources	$ -	$ -	$ 2,190,000	$ -	$ -	$ -	$ 2,190,000
Federal sources	1,159,080	4,882,868	-	-	-	-	6,041,948
Other state sources	9,959,768	375,941	-	-	542,842	87,181	10,965,732
Other local sources	425,924	161,861	75,256	994,029	501,403	11,756,849	13,915,322
Total Revenues	11,544,772	5,420,670	2,265,256	994,029	1,044,245	11,844,030	33,113,002
EXPENDITURES							
Current							
Instruction	6,708,010	-	-	-	-	-	6,708,010
Instruction-related services							
Instructional supervision and administration	925,393	-	-	-	-	-	925,393
School site administration	2,500,961	-	-	-	-	-	2,500,961
Pupil services							
Food services	-	5,335,126	-	-	-	-	5,335,126
All other pupil services	364,959	-	-	-	-	-	364,959
General administration							
All other general administration	541,170	55,572	-	2,205	-	-	598,947
Plant services	1,360,189	-	738,631	-	1,067,116	-	3,165,936
Facilities acquisition and maintenance	131,868	-	350,149	393,133	6,936,134	-	7,811,284
Enterprise activities	-	82,597	-	-	-	-	82,597
Debt service							
Principal	-	-	-	-	-	7,085,953	7,085,953
Interest and other	-	-	-	-	-	5,922,185	5,922,185
Total Expenditures	12,532,550	5,473,295	1,088,780	395,338	8,003,250	13,008,138	40,501,351
Excess (Deficiency) of Revenues							
Over Expenditures	(987,778)	(52,625)	1,176,476	598,691	(6,959,005)	(1,164,108)	(7,388,349)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	1,000,000	-	1,000,000
Other sources	-	-	-	-	-	552,469	552,469
Net Financing Sources (Uses)	-	-	-	-	1,000,000	552,469	1,552,469
NET CHANGE IN FUND BALANCE	(987,778)	(52,625)	1,176,476	598,691	(5,959,005)	(611,639)	(5,835,880)
Fund Balance - Beginning	10,813,866	826,571	4,239,425	1,159,153	9,927,501	3,289,359	30,255,875
Fund Balance - Ending	$ 9,826,088	$ 773,946	$ 5,415,901	$ 1,757,844	$ 3,968,496	$ 2,677,720	$ 24,419,995

See accompanying note to supplementary information.

The El Monte Union High School District was established in 1901 and serves the communities of El Monte, South El Monte, and Rosemead. There were no changes in the boundaries of the District during the current year. The District is operating five comprehensive high schools, one continuation high school, an independent study program, a community day school, and an adult education program.

GOVERNING BOARD

Member	Office	Term Expires
Maria Morgan	President	2020
Ricardo Padilla	Vice-President	2022
David Diaz	Clerk	2022
Florencio F. Briones	Member	2022
Carlos G. Salcedo	Member	2020

DISTRICT ADMINISTRATORS

Dr. Edward A. Zuniga
Superintendent and Secretary to the Board

Wael Elatar
Chief Business Official

Larry Cecil
Assistant Superintendent, Educational Services

Felipe Ibarra
Assistant Superintendent, Human Resources

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2018 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 12,076,922
Medi-Cal Billing Option	93.778	103
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$12,077,025

The District has not elected to use the 10 percent de minimis indirect cost rate.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections* 46200 through 46208. During the year ended June 30, 2018, the District participated in the Longer Day incentive funding program. As of June 30, 2018, the District had not yet met its target funding.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Combining Statements – Non-Major Funds

These statements provide information on the District's non-major funds.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California State Board of Accountancy

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*

Independent Auditors' Report

Governing Board
El Monte Union High School District
El Monte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of El Monte 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 the El Monte Union High School District's basic financial statements, and have issued our report thereon dated December 14, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Monte 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 El Monte Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of El Monte 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 El Monte 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.

Christy White Associates

San Diego, California
December 14, 2018

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California State Board of Accountancy

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Governing Board
El Monte Union High School District
El Monte, California

Report on Compliance for Each Major Federal Program

We have audited El Monte 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 El Monte Union High School District's major federal programs for the year ended June 30, 2018. El Monte 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 El Monte 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 El Monte 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 El Monte Union High School District's compliance.

Opinion on Each Major Federal Program

In our opinion, El Monte 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 El Monte 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 El Monte 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 El Monte 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 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 consider 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.

Christy White Associates

San Diego, California
December 14, 2018

christy white associates
A PROFESSIONAL ACCOUNTANCY CORPORATION

Christy White, CPA
Michael D. Ash, CPA
John Whitehouse, CPA
Heather Daud Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
348 Olive Street
San Diego, CA 92103

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California State Board of Accountancy

REPORT ON STATE COMPLIANCE

<u>Independent Auditors' Report</u>

Governing Board
El Monte Union High School District
El Monte, California

Report on State Compliance

We have audited El Monte Union High School District's compliance with the types of compliance requirements described in the *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of El Monte Union High School District's state programs for the fiscal year ended June 30, 2018, as identified below.

Management's Responsibility

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 of El Monte Union High School District's state 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 *2017-2018 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards 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 the state programs noted below occurred. An audit includes examining, on a test basis, evidence about El Monte 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 with the requirements referred to above. However, our audit does not provide a legal determination of El Monte Union High School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, El Monte Union High School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2018-001. Our opinion on state compliance is not modified with respect to these matters.

El Monte Union High School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. El Monte Union High School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

(continued on to next page)

***Procedure Performed** (continued)*

PROGRAM NAME	PROCEDURES PERFORMED
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because ADA was not material for the year ended June 30, 2018.

Christy White Associates

San Diego, California
December 14, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number(s)	Name of Federal Program or Cluster
84.002, 84.002A	Adult Education
84.027, 84.027A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control
60000	Miscellaneous

There were no financial statement findings for the year ended June 30, 2018.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2018.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2018-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as free or reduced price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section W of the 2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.

Condition: 1 of 84 students tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who was classified as Free or Reduced Price Meal eligible (FRPM) did not have proper supporting documentation to support their designation. When the error is extrapolated over the impacted population (2,133 students), 25 students were identified as ineligible.

Effect: The District is not in compliance with State requirements.

Cause: The student with an error was selected for National School Lunch Program Verification by the District, while the student was properly reclassified as Denied in the Child Nutrition System; the student was not reclassified in the CALPADS system.

Context: 25 of 24,232 (7,965 for 2017-18, 8,114 for 2016-17, and 8,153 for 2015-16) students reported in the District's Unduplicated Pupil Count did not have proper supporting documentation to support their FRPM designation.

FINDING #2018-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Questioned Costs: $23,126, calculated as follows:

		Data Input and Calculated Fields			
UPP Audit Adjustment					
1	Total Adjusted Enrollment from the UPP exhibit as of P-2				27,076
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				24,232
3	Audit Adjustment - Number of Enrollment				-
4	Audit Adjustment - Number of Unduplicated Pupil Count				(25)
5	Revised Adjusted Enrollment				27,076
6	Revised Adjusted Unduplicated Pupil Count				24,207
7	UPP calculated as of P-2				0.8950
8	Revised UPP for audit finding				0.8940
9	**Charter Schools Only:** Determinative School District Concentration Cap				
10	Revised UPP adjusted for Concentration Cap				**0.8940**
LCFF Target Supplemental Grant Funding Audit Adjustment		**TK/K–3**	**4–6**	**7–8**	**9–12**
9	Supplemental and Concentration Grant ADA				8,601.53
10	Adjusted Base Grant per ADA				$8,939
11	Target Supplemental Grant Funding calculated as of P-2				$13,763,145
12	Revised Target Supplemental Grant Funding for audit finding				$13,747,767
13	Target Supplemental Grant Funding audit adjustment				**($15,378)**
LCFF Target Concentration Grant Funding Audit Adjustment					
14	Target Concentration Grant Funding calculated as of P-2				$13,263,366
15	Revised Target Concentration Grant Funding for audit finding				$13,224,921
16	Target Concentration Grant Funding audit adjustment				**($38,445)**
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target					
18	Total Target Supplemental and Concentration audit adjustment				**($53,823)**
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap					
19	Statewide Gap Funding Rate as of P-2				0.4296644273
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				**($23,126)**

Recommendation: We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have proper documentation to support their CALPADS designation.

Corrective Action Plan: The District will work to ensure that all students reported in CALPADS have proper documentation to support their classification.

EL MONTE UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

There were no audit findings for the year ended June 30, 2017.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the El Monte Union High School District (the "District") in connection with the issuance of $56,430,000 of the District's Election of 2018 General Obligation Bonds, Series A (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District dated March 6, 2019 (the "Resolution"). The District covenants and agrees as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth in the 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.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Isom Advisors, a Division of Urban Futures, Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (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 Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

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

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

"Repository" shall mean 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.

"State" shall mean the State of California.

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

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to each 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 cross-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 the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repositories to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a timely notice to each Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repositories of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. <u>Content and Form of Annual Reports</u>. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District for the last completed fiscal year;

(b) average daily attendance of the District for the last completed fiscal year;

(c) outstanding District indebtedness;

(d) summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year; and

(e) The current fiscal year assessed valuation of taxable property within the District; and

(f) Secured tax levy collections and delinquencies, unless the Teeter Plan is adopted by County of Los Angeles and such plan applies to both the 1% general purpose property tax levy and to the tax levy for general obligation bonds of the District.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, prescribed by the Municipal Securities Rulemaking Board.

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. optional, contingent or unscheduled bond calls.

4. defeasances.

5. rating changes.

6. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

7. unscheduled draws on the debt service reserves reflecting financial difficulties.

8. unscheduled draws on credit enhancement reflecting financial difficulties.

9. substitution of the credit or liquidity providers or their failure to perform.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

11. bankruptcy, insolvency, receivership or similar event of the District. 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 District 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 District, 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 District.

(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 Bondholders.

3. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

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

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

6. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

7. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

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

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor

Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

SECTION 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repositories. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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

Dated: June 4, 2019

EL MONTE UNION HIGH SCHOOL DISTRICT

By: ____
Chief Business Official

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: EL MONTE UNION HIGH SCHOOL DISTRICT

Name of Bond Issue: Election of 2018 General Obligation Bonds, Series A

Date of Issuance: June 4, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

EL MONTE UNION HIGH SCHOOL DISTRICT

By ______[form only; no signature required]_________

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF EL MONTE, THE CITY OF ROSEMEAD, THE CITY OF SOUTH EL MONTE AND LOS ANGELES COUNTY

The following information regarding the City of El Monte ("El Monte"), the City of Rosemead ("Rosemead") and the City of South El Monte ("South El Monte," and together with El Monte and Rosemead, the "Cities") and Los Angeles County (the "County"), is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been independently verified by the District, the Underwriter or the Municipal Advisor.

General

City of El Monte. Located approximately 12 miles east of downtown Los Angeles, between the San Gabriel and Rio Hondo Rivers, the City of El Monte is the hub of the San Gabriel Valley, where two major freeways – Interstates 605 and 10 – intersect. Incorporated in 1912, it is the ninth largest city in the County. El Monte has maintained a reputation for attracting commercial and retail businesses as well as international corporations. Several trade and professional colleges are also located in the city, providing workforce education to support local businesses. El Monte has a Council-Manager form of municipal government. The City Council is composed of a mayor and four council members elected biennially at-large to four-year alternating terms and it appoints the City Manager, who is responsible for the city's day-to-day administration.

City of Rosemead. Rosemead is situated on the eastern edge of the Los Angeles basin and the southern edge of the area known as the San Gabriel Valley approximately 13 miles southeast of downtown Los Angeles. Formed from a large pioneer ranch, the city was officially incorporated in August 1959. Rosemead's prime location affords easy access to all major Southern California freeways and contributes to the city's growth. Rosemead has a Council-Manager form of government from an elected five-member City Council, which in turn appoints a City Manager to carry out its policies and serve as the administrative head of the city organization. The Mayor is the presiding officer that is changed each year within the council.

City of South El Monte. Adjoining the Cities of El Monte and Rosemead to the southwest, South El Monte shares the same freeway and business hub of San Gabriel Valley. The City is also next to the Whittier Narrows Recreation Area, a diverse sports area, horse center and urban park that includes three lakes and a shooting range. Incorporated in 1958, the City of South El Monte has four Council members elected at large for four-year terms. The Mayor is elected at large for a term of four years.

Los Angeles County. Established by an act of the legislature of the State of California (the "State") on February 18, 1850, the County is one of the original 27 counties and has the largest population of any county in the nation. With 4,061 square miles, the county borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities while more than 65% of the County remains unincorporated. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sits the San Gabriel Mountains containing Angeles National Forest. Significant portions of the County are heavily urbanized. Los Angeles is a Charter County governed by a five-member elected Board of Supervisors, each of whom serves alternating four-year terms.

Population

The following table shows historical population figures for the Cities, the County and the State for the past 10 years.

POPULATION ESTIMATES
2009 through 2018
City of El Monte, City of Rosemead, City of South El Monte, Los Angeles County and State of California

Year[1]	City of El Monte	City of Rosemead	City of South El Monte	Los Angeles County	State of California
2009	114,434	53,877	n/a	9,801,096	36,966,713
2010[2]	113,475	53,764	20,116	9,818,605	37,253,956
2011	114,193	54,006	20,100	9,871,802	37,529,913
2012	114,922	54,427	20,224	9,949,794	37,874,977
2013	115,487	54,670	20,310	10,020,599	38,234,391
2014	116,012	54,850	20,359	10,088,458	38,568,628
2015	116,472	54,988	20,727	10,149,661	38,912,464
2016	116,927	54,926	20,793	10,180,169	39,179,627
2017	116,942	54,940	20,864	10,231,271	39,500,973
2018	117,204	55,267	20,882	10,283,729	39,809,693

(1) As of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2009, 2011-18 (2000 and 2010 DRU Benchmark): California Department of Finance for January 1.

[REMAINDER OF PAGE LEFT BLANK]

Income

The following table shows the per capita personal income for the County, the State and the United States for the past 10 years of data that is currently available.

PER CAPITA PERSONAL INCOME
2008 through 2017
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2008	$43,431	$43,895	$40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Estimates for 2010 through 2017 reflect county population estimates available as of March 2018. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[REMAINDER OF THIS PAGE LEFT BLANK]

Principal Employers

The following tables show the principal employers in the Cities and County by number of employees. Principal Employer data for the City of South El Monte is unavailable.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of El Monte

Company	Description	Employees
El Monte City Elementary District	Educational Services	1,500
El Monte Union High School District	Educational Services	1,400
Mountain View Elementary	Educational Services	1,000
Longo Toyota – Lexus	Automotive Dealers	840
City of El Monte	Public Administration	505
McGill Corporation	Manufacturing Packaging Paper	460
Staffing Solutions	Employment Agency	266
Asian Pacific Health Care Venture Inc.	Health Services	260
The Home Depot	Department Store	244
Sam's Club	Department Store	203

Source: City of El Monte 'Comprehensive Annual Financial Report' Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2017
City of Rosemead

Company	Description	Employees
Southern California Edison	Services: Electric Services	4,100
Garvey School District	Educational Services	837
Panda Restaurant Group, Inc.	Restaurants	500
Wal-Mart	Department Store	468
Rosemead School District	Educational Services	450
Target	Department Store	220
Hermetic Seal Corporation	Electronic Components	150
Olive Garden	Restaurants	130
Doubletree	Hotels and Motels	120
Don Bosco Tech	Educational Services	90

Source: City of Rosemead 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2017.

PRINCIPAL EMPLOYERS
2017
County of Los Angeles

Company	Description	Employees
Los Angeles County	Public Administration	108,995
Los Angeles Unified School District	Educational Services	60,015
University of California, Los Angeles	Educational Services	47,596
U.S. Government- Federal Executive Board	Public Administration	47,000
Kaiser Permanente	Health Services	36,468
City of Los Angeles	Public Administration	32,987
State of California	Public Administration	28,700
University of Southern California	Educational Services	20,163
Northrop Grumman Corp.	Defense contractor	16,600
Providence Health & Services So. California	Health Services	15,255

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 28, 2017.

[REMAINDER OF THIS PAGE LEFT BLANK]

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2013 through 2017 for the Cities, the County, and the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2013 through 2017 [1]
City of El Monte, City of Rosemead, City of South El Monte, Los Angeles County and State of California

Year and Area	Labor Force	Employment[2]	Unemployment[3]	Unemployment Rate (%)
2013				
City of El Monte	51,900	45,700	6,200	12.0
City of Rosemead	25,100	22,300	2,800	11.2
City of South El Monte	8,800	8,300	500	5.3
Los Angeles County	4,967,000	4,482,100	485,000	9.8
State of California	18,625,000	16,958,400	1,666,600	8.9
2014				
City of El Monte	52,100	46,800	5,300	10.2
City of Rosemead	25,300	22,900	2,400	9.5
City of South El Monte	8,900	8,500	400	4.4
Los Angeles County	5,006,800	4,593,900	412,900	8.2
State of California	18,625,000	16,958,400	1,666,600	8.9
2015				
City of El Monte	51,800	47,600	4,300	8.2
City of Rosemead	25,200	23,300	1,900	7.7
City of South El Monte	9,000	8,700	300	3.5
Los Angeles County	5,000,600	4,668,200	332,400	6.6
State of California	18,896,500	17,724,800	1,171,700	6.2
2016				
City of El Monte	52,100	48,700	3,400	6.5
City of Rosemead	25,300	23,800	1,500	6.1
City of South El Monte	9,100	8,900	300	2.8
Los Angeles County	5,043,300	4,778,800	264,500	5.2
State of California	19,093,700	18,048,800	1,044,800	5.5
2017				
City of El Monte	51,600	49,100	2,500	4.8
City of Rosemead	25,600	24,500	1,100	4.3
City of South El Monte	9,000	8,700	300	3.7
Los Angeles County	5,123,900	4,883,600	240,300	4.7
State of California	19,312,000	18,393,100	918,900	4.8

Note: Data are not seasonally adjusted.
[1] Annual averages, unless otherwise specified.
[2] Includes persons involved in labor-management trade disputes.
[3] The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2017 Benchmark.

Industry

The Cities and County are included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the Cities or the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2013 through 2017
Los Angeles-Long Beach-Glendale MD

Category	2013	2014	2015	2016	2017
Total Farm	5,500	5,200	5,000	5,300	5,800
Total Nonfarm	4,108,100	4,184,600	4,277,300	4,385,500	4,435,700
Total Private	3,556,900	3,628,500	3,708,800	3,808,800	3,850,200
Goods Producing	493,500	492,700	496,800	496,700	490,100
Natural Resources and Mining	3,400	3,100	2,900	2,500	2,200
Construction	114,600	118,500	126,200	133,900	137,700
Manufacturing	375,600	371,100	367,800	360,300	350,100
Durable Goods	210,600	208,700	208,100	203,200	202,000
Nondurable Goods	164,900	162,400	159,700	157,100	148,100
Service Providing	3,614,600	3,692,000	3,780,500	3,888,800	3,945,600
Private Service Providing	3,063,400	3,135,800	3,212,000	3,312,100	3,360,100
Trade, Transportation and Utilities	781,900	798,900	816,500	829,000	838,900
Wholesale Trade	218,700	222,500	225,600	225,200	224,500
Retail Trade	405,800	413,100	419,300	421,500	422,500
Transportation, Warehousing and Utilities	157,500	163,400	171,500	182,300	191,800
Information	197,000	198,800	207,500	229,200	214,500
Financial Activities	213,000	211,200	215,500	219,800	221,100
Professional and Business Services	584,800	591,700	593,800	603,200	613,400
Educational and Health Services	702,100	720,700	741,100	767,600	794,300
Leisure and Hospitality	438,900	464,100	486,600	510,000	523,900
Other Services	145,700	150,500	151,000	153,300	154,100
Government	551,200	556,200	568,500	576,700	585,500
Total, All Industries	4,113,600	4,189,800	4,282,300	4,390,800	4,441,400

Note: The "Total, All Industries" data are not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Los Angeles County (Los Angeles-Long Beach-Glendale MD) Annual Average Labor Force and Industry Employment, March 2017 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2012 through 2016 are shown in the following tables.

ANNUAL TAXABLE SALES
2012 through 2016
City of El Monte
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	1,359	1,112,739	2,197	1,258,498
2013	1,346	1,165,584	2,170	1,301,345
2014	1,375	1,246,205	2,221	1,400,751
2015	--	1,249,394	--	1,421,868
2016	--	1,280,044	--	1,480,105

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 and later are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
City of Rosemead
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	689	334,394	1,006	368,379
2013	695	350,493	1,009	389,088
2014	723	358,786	1,049	397,902
2015	--	368,346	--	409,062
2016	--	400,350	--	442,112

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 and later are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
City of South El Monte
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	1,232	238,516	2,071	378,151
2013	1,125	233,577	1,959	387,865
2014	1,143	230,734	1,994	396,668
2015	--	232,926	--	418,310
2016	--	221,927	--	426,303

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 and later are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2012 through 2016
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2012	180,359	$95,318,603	266,414	$135,295,582
2013	179,370	99,641,174	263,792	140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015	--	108,147,021	--	151,033,781
2016	--	109,997,043	--	154,208,333

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 and later are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

[REMAINDER OF THIS PAGE LEFT BLANK]

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the Cities and County are shown in the following tables.

BUILDING PERMIT VALUATIONS
2013 through 2017
City of El Monte
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$16,488	$51,617	$13,860	$30,495	$42,170
Non-Residential	14,331	8,136	66,700	9,950	10,815
Total	$30,819	$59,753	$80,560	$40,445	$52,985
Units					
Single Family	35	50	38	75	31
Multiple Family	0	136	0	49	162
Total	35	186	38	124	193

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2013 through 2017
City of Rosemead
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$7,712	$9,054	$14,191	$18,443	$30,259
Non-Residential	13,191	11,449	10,790	19,248	16,657
Total	$20,903	$20,503	$24,981	$37,691	$46,916
Units					
Single Family	8	10	24	30	14
Multiple Family	0	0	5	30	94
Total	8	10	29	60	108

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2013 through 2017
City of South El Monte
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$1,539	$17,748	$12,751	$7,823	$1,963
Non-Residential	6,309	6,635	3,972	7,363	10,687
Total	$7,848	$24,383	$16,723	$15,186	$12,650
Units					
Single Family	2	80	59	31	1
Multiple Family	0	0	0	0	2
Total	2	80	59	31	3

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Los Angeles County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$4,743,955	$5,509,418	$6,383,036	$6,575,607	$7,368,352
Non-Residential	4,326,366	6,657,571	5,645,372	5,287,623	6,037,503
Total	$9,070,321	$12,166,989	$12,028,408	$11,863,230	$13,405,855
Units					
Single Family	3,607	4,358	4,487	4,780	5,456
Multiple Family	13,243	14,349	18,405	15,589	17,023
Total	16,850	18,707	22,892	20,369	22,479

Note: Totals may not add to sum because of rounding
Source: Construction Industry Research Board.

[REMAINDER OF THIS PAGE LEFT BLANK]

.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

LOS ANGELES COUNTY TREASURY POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriter. The District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasurer Pool may be obtained from the Treasurer at http://ttc.lacounty.gov/Proptax/MonInvestment.asp; however, the information presented on such website is not incorporated herein by any reference

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of December 31, 2018, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$16.363
Schools and Community Colleges	14.298
Discretionary Participants	2.653
Total	$33.314

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	92.04%
Discretionary Participants:	
Independent Public Agencies	7.55%
County Bond Proceeds and Repayment Funds	0.41%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 20, 2018, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated January 31, 2019, the December 31, 2018 book value of the Treasury Pool was approximately $33.314 billion and the corresponding market value was approximately $33.048 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of December 31, 2018:

Type of Investment	**% of Pool**
Certificates of Deposit	6.00
U.S. Government and Agency Obligations	64.83
Bankers Acceptances	0.00
Commercial Paper	28.84
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	0.25
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of December 31, 2018, approximately 42.25% of the investments mature within 60 days, with an average of 529 days to maturity for the entire portfolio.