NEW ISSUE -- FULL BOOK-ENTRY

INSURED RATING: Standard & Poor's: "AA"
UNDERLYING RATING: Standard & Poor's: "A+"
See "RATINGS"

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$12,000,000
HUENEME ELEMENTARY SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds, 2018 Election, Series A

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

This cover page contains 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 in this cover page and not otherwise defined shall have the meanings set forth herein.

The Hueneme Elementary School District (Ventura County, California) General Obligation Bonds, 2018 Election, Series A (the "Bonds"), were authorized at an election of the registered voters of the Hueneme Elementary School District (the "District") held on June 5, 2018, at which more than the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $34,200,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Bonds, and to pay certain costs of issuing the Bonds.

The Bonds represent a general obligation of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of Ventura County (the "County") is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

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 of 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.

Interest with respect to the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2019. Payment to owners of $1,000,000 or more in principal amount of Bonds, at the owner's option, will be made by wire transfer. The Bonds are issuable as fully registered Bonds 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 MUFG Union Bank, N.A., as Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners (defined herein) of the Bonds. See "THE BONDS – Book-Entry Only System."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.

BAM
BUILD AMERICA MUTUAL

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

MATURITY SCHEDULE
(see inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about June 11, 2019.

STIFEL

The date of this Official Statement is May 21, 2019.

MATURITY SCHEDULE

$12,000,000
HUENEME ELEMENTARY SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds, 2018 Election, Series A

Base CUSIP†: 444258

$8,105,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$1,225,000	3.00%	1.33%	GF8
2021	1,040,000	4.00	1.36	GG6
2022	150,000	5.00	1.42	GH4
2023	105,000	5.00	1.48	GJ0
2024	125,000	5.00	1.46	GK7
2025	150,000	5.00	1.49	GL5
2026	175,000	5.00	1.56	GM3
2027	200,000	5.00	1.63	GN1
2028	225,000	5.00	1.74‡	GP6
2029	255,000	5.00	1.83‡	GQ4
2030	285,000	4.00	2.00‡	GR2
2031	315,000	4.00	2.13‡	GS0
2032	350,000	4.00	2.28‡	GT8
2033	380,000	4.00	2.39‡	GU5
2034	420,000	4.00	2.49‡	GV3
2035	455,000	4.00	2.58‡	GW1
2036	495,000	4.00	2.65‡	GX9
2037	540,000	4.00	2.71‡	GY7
2038	585,000	4.00	2.78‡	GZ4
2039	630,000	4.00	2.84‡	HA8

$3,895,000 3.00% Term Bonds due August 1, 2044 - Yield 3.18% - CUSIP†: HB6

---

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, 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 CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

‡ Yield to call at par on August 1, 2027.

HUENEME ELEMENTARY SCHOOL DISTRICT
(Ventura County, California)

PROFESSIONAL SERVICES

BOND COUNSEL

Atkinson, Andelson, Loya, Ruud & Romo,
a Professional Law Corporation
Irvine, California

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

UNDERWRITER

Stifel, Nicolaus & Company, Incorporated
San Francisco, California

PAYING AGENT

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

TABLE OF CONTENTS

Page

INTRODUCTION ... 1

THE DISTRICT ... 1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS ... 1
PURPOSE OF ISSUE ... 1
DESCRIPTION OF THE BONDS ... 2
TAX MATTERS ... 2
AUTHORITY FOR ISSUANCE OF THE BONDS ... 2
OFFERING AND DELIVERY OF THE BONDS ... 3
CONTINUING DISCLOSURE ... 3
PROFESSIONALS INVOLVED IN THE OFFERING ... 3
FORWARD LOOKING STATEMENTS ... 3
OTHER INFORMATION ... 3

THE BONDS ... 4

AUTHORITY FOR ISSUANCE ... 4
SECURITY AND SOURCES OF PAYMENT ... 4
DESCRIPTION OF THE BONDS ... 5
BOND INSURANCE ... 6
BOOK-ENTRY ONLY SYSTEM ... 8
PAYING AGENT ... 10
REDEMPTION ... 10
REGISTRATION, TRANSFER AND EXCHANGE OF BONDS ... 13
DEFEASANCE ... 14
APPLICATION AND INVESTMENT OF BOND PROCEEDS ... 14

ESTIMATED SOURCES AND USES OF FUNDS ... 15

DEBT SERVICE SCHEDULES ... 16

TAX BASE FOR REPAYMENT OF THE BONDS ... 17

AD VALOREM PROPERTY TAXATION ... 17
ASSESSED VALUATIONS ... 17
APPEALS AND REDUCTIONS OF ASSESSED VALUATIONS ... 19
ASSESSED VALUATION AND PARCELS BY LAND USE ... 20
ASSESSED VALUATION BY JURISDICTION ... 20
ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES ... 21
TAXATION OF STATE-ASSESSED UTILITY PROPERTY ... 21
SECURED TAX CHARGES AND DELINQUENCIES ... 22
ALTERNATIVE METHOD OF TAX APPORTIONMENT ... 23
TAX RATES ... 23
LARGEST PROPERTY OWNERS ... 25
DEBT OBLIGATIONS ... 25

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS ... 27

ARTICLE XIIIA OF THE CALIFORNIA CONSTITUTION ... 27
LEGISLATION IMPLEMENTING ARTICLE XIIIA ... 28
PROPOSITION 50 AND PROPOSITION 171 ... 28
UNITARY PROPERTY ... 29
ARTICLE XIIIB OF THE CALIFORNIA CONSTITUTION ... 29
ARTICLE XIIIC AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION ... 30
PROPOSITION 26 ... 31
PROPOSITIONS 98 AND 111 ... 31
PROPOSITION 39 ... 33
JARVIS V. CONNELL ... 33
PROPOSITION 1A AND PROPOSITION 22 ... 34
PROPOSITION 30 AND PROPOSITION 55 ... 34
PROPOSITION 2 ... 35
PROPOSITION 51 ... 37
FUTURE INITIATIVES ... 37
STATE BUDGET ... 38

TABLE OF CONTENTS (cont'd)

Page

THE DISTRICT **44**

Introduction 44
Administration 44
Enrollment Trends 45
Labor Relations 46
State Retirement Systems 46
Post-Employment Benefits 53
Joint Powers Authorities 53

DISTRICT FINANCIAL INFORMATION **53**

State Funding of Education 53
Other Revenue Sources 57
State Dissolution of Redevelopment Agencies 57
Accounting Practices 59
Financial Statements 59
Budget Process 60
General Fund Budgets 62
District Debt Structure 63

TAX MATTERS **66**

Opinion of Bond Counsel 66
Original Issue Discount; Premium Bonds 67
Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption 67
Internal Revenue Service Audit of Municipal Bond Issues 68
Information Reporting; Backup Withholding 68

LEGAL MATTERS **68**

Continuing Disclosure 68
Legality for Investment in California 69
Absence of Material Litigation 69
Legal Opinion 69
Financial Statements 69

RATINGS **69**

UNDERWRITING **70**

ADDITIONAL INFORMATION **71**

APPENDIX A — Fiscal Year 2017-18 Audited Financial Statements of the District A-1
APPENDIX B — Forms of Opinion of Bond Counsel B-1
APPENDIX C — Form of Continuing Disclosure Certificate C-1
APPENDIX D — General Economic and Demographic Information Regarding the District D-1
APPENDIX E — Ventura County Statement of Investment Policy and Report of Investments E-1
APPENDIX F — Specimen Municipal Bond Insurance Policy F-1

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 by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. 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.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information 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.

Stifel, Nicolaus & Company, Incorporated (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 the completeness of such information.”

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

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “THE BONDS – Bond Insurance” and “APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

$12,000,000
HUENEME ELEMENTARY SCHOOL DISTRICT
(Ventura County, California)
General Obligation Bonds, 2018 Election, 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 the above-captioned Hueneme Elementary School District (Ventura County, California) General Obligation Bonds, 2018 Election, 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 Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Hueneme Elementary School District (the "District"), located on the Pacific Coast of southern California, serves a large portion of the city of Port Hueneme, a small portion of the city of Oxnard, and adjacent unincorporated territory in Ventura County (the "County"), and encompasses approximately eight square miles. The District is an elementary school district for students in grades K-8. The District currently operates 11 schools, including nine elementary schools and two junior high schools. District enrollment for the 2018-19 school year is approximately 8,243 students.

The District is governed by a five-member Board of Trustees (the "Board"), each member of which is elected at large to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The day-to-day affairs of the District are the responsibility of its Superintendent. Christine Walker, Ed.D., is the Superintendent of the District and Cathy Niss is the Chief Business Official. See "THE DISTRICT – Administration."

Security and Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County on taxable property located within the boundaries of the District. The Board of Supervisors (the "Board of Supervisors") of the County has the power and is obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "THE BONDS – Security and Sources of Payment."

Purpose of Issue

The proceeds from the sale of the Bonds will be used by the District to (i) finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, (ii) pay capitalized interest on the Bonds, and (iii) pay certain costs of issuing the Bonds.

See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS."

Description of the Bonds

Form, Registration and Denomination. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover page hereof, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See "THE BONDS – Book-Entry Only System." 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 – Registration, Transfer and Exchange of Bonds."

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 redemption and mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS – Redemption."

Payments. Interest on the Bonds accrues from their initial date of delivery, and is payable semiannually on each February 1 and August 1 (each a "Bond Payment Date"), commencing August 1, 2019. Principal on the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by MUFG Union Bank, N.A., the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners (defined herein) of the Bonds. See "THE BONDS – Book-Entry Only System."

Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. See "THE BONDS – Bond Insurance" and "APPENDIX F – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Tax Matters

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing laws, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"). In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to a Resolution (as defined herein) adopted by the Board. See "THE BONDS – Authority for Issuance."

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about June 11, 2019.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of events required to be provided are summarized in Appendix C. See "LEGAL MATTERS – Continuing Disclosure."

Professionals Involved in the Offering

Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California is acting as Bond Counsel to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Disclosure Counsel to the District in connection with the Bonds. Atkinson, Andelson, Loya, Ruud & Romo and Stradling Yocca Carlson & Rauth will receive compensation from the District contingent upon the sale and delivery of the Bonds. Isom Advisors, a Division of Urban Futures, Inc. is acting as municipal advisor to the District. MUFG Union Bank, N.A., Los Angeles, California is acting as Paying Agent with respect to the Bonds. Kutak Rock LLP, Denver, Colorado is serving as Underwriter's Counsel in connection with the sale and delivery of 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," "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 Superintendent, Hueneme Elementary School District, 205 North Ventura Road, Port Hueneme, California 93041-3065. 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 of such documents, statutes and constitutional provisions.

Certain 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 applicable Resolution (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 California Government Code of the State of California (the "Act"), commencing with Section 53506 *et seq*., as amended, Article XIIIA of the California Constitution, and applicable provisions of the California Education Code and pursuant to a resolution adopted by the Board on May 13, 2019 (the "Resolution"). The District received authorization at an election held on June 5, 2018, by 55% or more of the votes cast by eligible voters within the District to issue not to exceed $34,200,000 aggregate principal amount of general obligation bonds (the "2018 Authorization"). The Bonds are the first series of bonds issued under the 2018 Authorization and following the issuance thereof, $22,200,000 of authorized general obligation bonds are expected to remain available under the 2018 Authorization.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for information concerning other outstanding general obligation bonds of the District.

Security and Sources of Payment

The Bonds are general obligations of the District, and payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all property within the District, subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the debt service fund established pursuant to the Resolution (the "Debt Service

Fund"), which is segregated and held by the County and which is irrevocably pledged for the payment of principal of and interest on the applicable Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will hold the Debt Service Fund, the Bonds are not a debt of the County. See "TAX BASE FOR REPAYMENT OF THE BONDS."

Pursuant to California 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.

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 which, in turn, shall remit such moneys to DTC to pay, as the case may be, the principal of and interest on the Bonds. DTC will thereupon make payment of principal and interest of such Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The amount of the annual *ad valorem* tax rates levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in property 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 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 "TAX BASE FOR REPAYMENT OF THE BONDS" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Purchasers will not receive certificates representing their interests in the Bonds.

Interest with respect to the Bonds accrues from their date of delivery, and is payable semiannually on February 1 and August 1 of each year (each a "Bond Payment Date"), commencing August 1, 2019. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall 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 immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2019, in which event it shall bear interest from its date; *provided*, that if, at the time of authentication of any Bond interest is in default on any outstanding Bonds, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside cover hereof.

The principal of the Bonds will be payable on the dates indicated on the inside cover page hereof, in lawful money of the United States of America to the registered owner thereof, upon the surrender thereof at the designated corporate trust office of the Paying Agent. The interest on the Bonds will be payable in lawful money of the United States of America 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 next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered owner at such registered owner's address as it appears on such registration books on the preceding Record Date or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered owner of at least $1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Bond Insurance

Bond Insurance Policy. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P,

including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $513.9 million, $105 million and $408.9 million, respectively.

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

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

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "THE BONDS – Bond Insurance."

Additional Information Available from BAM

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

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

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

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

Book-Entry Only System

The information in this section 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. Information presented at any website cited within this section is not incorporated herein by reference. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 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, DTC Participants or DTC 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 "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC 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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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.

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

Paying Agent

MUFG Union Bank, N.A., with a designated office located in Los Angeles, California, will act as the registrar, transfer agent, authenticating agent and paying agent (the "Paying Agent") for the Bonds. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC.

Neither the Paying Agent, the District, nor the Underwriter of the Bonds have any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2027, are not subject to redemption. The Bonds maturing on or after August 1, 2028, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 2027, at a redemption price equal to the principal amount of the Bonds called for redemption as of the date set for redemption, plus unpaid accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds maturing on August 1, 2044, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2040, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (August 1)	Principal Amount to be Redeemed
2040	$680,000
2041	730,000
2042	775,000
2043	830,000
2044[(1)]	880,000

[(1)] Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 2044, are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select the 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 by lot. Redemption by lot shall be in such manner as the Paying Agent determines; *provided, however*, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. *While the Bonds are subject to DTC's book-entry system, the Paying Agent will be required to give notice of redemption of such Bonds only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the applicable Resolution.*

The Paying Agent shall give notice of the redemption (a "Redemption Notice") of the Bonds at the expense of the District. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) if less than all of the then-outstanding Bonds are to be called for redemption, shall designate the numbers (or state that all Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP numbers, if any, of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds and the specific Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal of such Bond to be redeemed, together with the interest accrued to the redemption date, and redemption premium, if any, and that from and after such date, interest with respect thereto shall cease to accrue, as applicable.

Any Redemption Notice shall be mailed, by first-class mail, postage prepaid, to the Owners of the applicable Bonds, to a Securities Depository and to a national information service, and by first-class mail, postage prepaid, to the District and the County and the respective Owners of any registered Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 20 days, but not more than 45 days, prior to the designated redemption date; provided that neither failure to receive such notice, nor any defect in any notice so mailed, shall affect the sufficiency of the proceedings for the redemption of such Bonds nor entitle the Owner thereof to interest beyond the date given for redemption. Neither failure to receive or failure to send, any Redemption Notice, nor any defect in any such Redemption Notice, so mailed shall affect the sufficiency of the proceedings for the redemption of the affected Bonds, nor entitle the Owner thereof to interest beyond the date given for redemption or affect the cessation of accrual of interest, as applicable, represented thereby from and after the redemption date. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

Effect of Notice of Redemption. Notice having been given pursuant to the applicable Resolution, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the applicable Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such a redemption date, money for the redemption of all the Bonds to be redeemed as provided in the Resolution; together with interest accrued to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given pursuant to the Resolution, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

Bonds No Longer Outstanding. All Bonds paid at maturity or redeemed prior to maturity pursuant to the applicable Resolution shall be cancelled upon surrender thereof and be delivered to or upon the order of the County or the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent.

Contingent Redemption; Rescission of Redemption. Any redemption notice may specify that redemption of the Bonds designated for redemption on a specified date will be subject to the receipt by the District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and the District, the County and the Paying Agent will have no liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District nor the Paying Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds pursuant to the provisions of the applicable Resolution.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the applicable Resolution (the "Bond Register"). Subject to the provisions of the applicable Resolution, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of the applicable Resolution. Payment of or on account of the principal, premium, if any, and interest on any Bond shall be made only to or upon the order of the Owner thereof; the District, the County and the Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in the applicable Resolution. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds of such Series, including interest, to the extent of the amount or amounts so paid.

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

Any Bond may be exchanged for Bonds of like tenor, maturity and aggregate principal amount, upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may (but only if the District determines no longer to maintain the book-entry-only status of the Bonds of such Series, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred on the applicable Bond Register only upon surrender of such Bond for cancellation at the office of the Paying Agent accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner in the aggregate principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the applicable Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt and entitled to the same security and benefit under the applicable Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District and the County by the Paying Agent and updated annually. The cancelled Bonds shall be destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the District.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the day after the Record Date next preceding any Bond Payment Date or beginning the 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, as applicable, 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 at any time prior to maturity in the following ways:

> (a) Cash: By irrevocably depositing with a bank or trust company in escrow, an amount of cash which together with amounts then on deposit in the applicable Debt Service Fund, to be applied thereto, as applicable, is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal of, interest thereon and redemption premium, if any; or
>
> (b) Defeasance Securities: By irrevocably depositing with a bank or trust company in escrow, noncallable Defeasance Securities (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the applicable Debt Service Fund, to be applied thereto, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal of, 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 for the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraph (a) or paragraph (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

"Defeasance Securities" shall mean direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations. In the case of investments in such proportionate interests, such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying Defeasance Securities; (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 Defeasance Securities; and (c) the underlying Defeasance Securities 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 the highest then-prevailing United States Treasury securities credit rating.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Bonds, and to pay certain costs of issuing the Bonds.

The net proceeds from the sale of the Bonds shall be paid to the County to the credit of the "Hueneme Elementary School District General Obligation Bonds, 2018 Election, Series A Building Fund" (the "Building Fund"). Any premium received by the County from the sale of the Bonds shall be kept separate and apart in the "Hueneme Elementary School District General Obligation Bonds, 2018

Election, Series A Debt Service Fund" (the "Debt Service Fund") and used only for payment of principal of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Expected Investment of Bond Proceeds. Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County Treasury Pool. See "APPENDIX E – VENTURA COUNTY STATEMENT OF INVESTMENT POLICY AND REPORT OF INVESTMENTS."

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds	
Principal Amount of the Bonds	$12,000,000.00
Net Original Issue Premium	724,705.00
Total Sources	$12,724,705.00
Uses of Funds	
Building Fund	$11,845,000.00
Debt Service Fund[1]	622,024.29
Costs of Issuance[2]	257,680.71
Total Uses	$12,724,705.00

[1] Represents capitalized interest on the Bonds.
[2] Includes Underwriter's discount, legal fees, printing fees, demographics, rating fees, bond insurance premium, municipal advisor's fees, initial fees of the Paying Agent, and related expenses.

DEBT SERVICE SCHEDULES

The following table summarizes the annual debt service requirements of the District with respect to the Bonds (assuming no optional redemptions are made):

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service
2019		$61,479.17[2]	$61,479.17
2020	$1,225,000.00	442,650.00[2]	1,667,650.00
2021	1,040,000.00	405,900.00[2]	1,445,900.00
2022	150,000.00	364,300.00	514,300.00
2023	105,000.00	356,800.00	461,800.00
2024	125,000.00	351,550.00	476,550.00
2025	150,000.00	345,300.00	495,300.00
2026	175,000.00	337,800.00	512,800.00
2027	200,000.00	329,050.00	529,050.00
2028	225,000.00	319,050.00	544,050.00
2029	255,000.00	307,800.00	562,800.00
2030	285,000.00	295,050.00	580,050.00
2031	315,000.00	283,650.00	598,650.00
2032	350,000.00	271,050.00	621,050.00
2033	380,000.00	257,050.00	637,050.00
2034	420,000.00	241,850.00	661,850.00
2035	455,000.00	225,050.00	680,050.00
2036	495,000.00	206,850.00	701,850.00
2037	540,000.00	187,050.00	727,050.00
2038	585,000.00	165,450.00	750,450.00
2039	630,000.00	142,050.00	772,050.00
2040	680,000.00	116,850.00	796,850.00
2041	730,000.00	96,450.00	826,450.00
2042	775,000.00	74,550.00	849,550.00
2043	830,000.00	51,300.00	881,300.00
2044	880,000.00	26,400.00	906,400.00
Total	$12,000,000.00	$6,262,329.17	$18,262,329.17

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2019.
(2) All or a portion paid from capitalized interest deposited in the Debt Service Fund.

See "DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds" for a schedule of the combined debt service requirements for all of the District's outstanding general obligation bonds.

TAX BASE FOR REPAYMENT OF THE 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 *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

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

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the District is established by the Ventura County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIIIA of the California Constitution ("Article XIIIA"). For a discussion of how properties currently are assessed and reassessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District had a total assessed valuation for fiscal year 2018-19 of $4,576,022,261. Shown in the following table are the assessed valuations for the District since 1979-80. The District's assessed valuation increased by 695.67% between fiscal year 1979-80 and fiscal year 2018-19, representing an approximate average annual compound growth rate of 5.46%.

ASSESSED VALUATION
Fiscal Years 1979-80 to 2018-19
Hueneme Elementary School District

Fiscal Year	Total Assessed Valuation	Annual % Change
1979-80	$575,118,172	--
1980-81	654,737,740	13.84%
1981-82	749,589,161	14.49
1982-83	866,914,277	15.65
1983-84	892,694,304	2.97
1984-85	946,950,992	6.08
1985-86	1,007,052,983	6.35
1986-87	1,110,866,270	10.31
1987-88	1,182,836,484	6.48
1988-89	1,254,012,531	6.02
1989-90	1,392,047,979	11.01
1990-91	1,562,405,550	12.24
1991-92	1,620,854,573	3.74
1992-93	1,678,662,881	3.57
1993-94	1,713,066,686	2.05
1994-95	1,780,367,104	3.93
1995-96	1,769,752,159	-0.60
1996-97	1,735,451,822	-1.94
1997-98	1,792,380,793	3.28
1998-99	1,810,271,479	1.00
1999-00	1,874,295,472	3.54
2000-01	2,003,031,831	6.87
2001-02	2,143,529,090	7.01
2002-03	2,296,325,485	7.13
2003-04	2,535,572,116	10.42
2004-05	2,742,994,554	8.18
2005-06	3,082,414,429	12.37
2006-07	3,537,026,950	14.75
2007-08	3,772,908,011	6.67
2008-09	3,768,415,303	-0.12
2009-10	3,524,708,884	-6.47
2010-11	3,450,613,451	-2.10
2011-12	3,397,658,738	-1.53
2012-13	3,353,265,032	-1.31
2013-14	3,512,392,668	4.75
2014-15	3,788,984,108	7.87
2015-16	4,020,841,444	6.12
2016-17	4,178,747,940	3.93
2017-18	4,383,705,918	4.90
2018-19	4,576,022,261	4.39

Note: Excludes assessed valuation from unitary utility roll, beginning in 1988-89.
Source: California Municipal Statistics, Inc.

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, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment."

Appeals and Reductions of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the factors described in the preceding section or reductions in the fair market value of the taxable property. 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."

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.

No assurance can be given that property tax appeals or reassessments initiatived by the County Assessor in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use

The following table shows the distribution of the secured assessed valuation and parcels in the District by land use for fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Hueneme Elementary School District

	2018-19 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
Commercial	$125,630,125	3.01%	176	1.45%	174	1.46%
Vacant Commercial	5,163,393	0.12	23	0.19	22	0.18
Professional/Office	23,134,541	0.55	38	0.31	38	0.32
Industrial	96,912,586	2.32	24	0.20	24	0.20
Vacant Industrial	5,715,087	0.14	7	0.06	7	0.06
Government/Social/Institutional	9,273,502	0.22	362	2.98	163	1.37
Miscellaneous	1,700,309	0.04	62	0.51	62	0.52
Subtotal Non-Residential	$267,529,543	6.40%	692	5.70%	490	4.11%
Residential:						
Single Family Residence	$2,815,632,071	67.39%	8,072	66.52%	8,072	67.68%
Condominium/Townhouse	613,716,660	14.69	2,146	17.68	2,146	17.99
Mobile Home Park	3,016,952	0.07	1	0.01	1	0.01
Mobile Home	14,665,250	0.35	370	3.05	370	3.10
Hotel/Motel	13,275,584	0.32	6	0.05	6	0.05
2-4 Residential Units	231,652,093	5.54	631	5.20	631	5.29
5+ Residential Units/Apartments	207,232,282	4.96	148	1.22	146	1.22
Vacant Residential	11,133,172	0.27	69	0.57	64	0.54
Subtotal Residential	$3,910,324,064	93.60%	11,443	94.30%	11,436	95.89%
Total	$4,177,853,607	100.00%	12,135	100.00%	11,926	100.00%

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

Assessed Valuation by Jurisdiction

The following table shows the distribution of taxable property within the District by jurisdiction, as measured by assessed valuation for fiscal year 2018-19.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2018-19
Hueneme Elementary School District

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Oxnard	$1,972,985,550	43.12%	$20,305,452,391	9.72%
City of Port Hueneme	1,238,651,555	27.07	1,967,799,443	62.95%
Unincorporated Ventura County	1,364,385,156	29.82	22,621,121,143	6.03%
Total District	$4,576,022,261	100.00%		
Ventura County	$4,576,022,261	100.00%	$134,913,532,515	3.39%

Source: California Municipal Statistics, Inc.

Assessed Valuation Per Parcel of Single Family Homes

The following table shows increments of assessed valuation for single family parcels in the District for fiscal year 2018-19, including the median and average assessed value per parcel.

ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Hueneme Elementary School District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	8,072	$2,815,632,071	$348,815	$287,433

2018-19 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	237	2.936%	2.936%	$9,947,162	0.353%	0.353%
$50,000 - $99,999	892	11.051	13.987	58,929,201	2.093	2.446
$100,000 - $149,999	516	6.392	20.379	65,026,144	2.309	4.756
$150,000 - $199,999	598	7.408	27.787	105,974,902	3.764	8.519
$200,000 - $249,999	1,025	12.698	40.486	231,996,780	8.240	16.759
$250,000 - $299,999	1,028	12.735	53.221	283,066,854	10.053	26.812
$300,000 - $349,999	870	10.778	63.999	281,322,868	9.991	36.804
$350,000 - $399,999	759	9.403	73.402	284,835,396	10.116	46.920
$400,000 - $449,999	736	9.118	82.520	311,846,300	11.076	57.996
$450,000 - $499,999	385	4.770	87.289	181,071,217	6.431	64.427
$500,000 - $549,999	133	1.648	88.937	69,430,916	2.466	66.893
$550,000 - $599,999	124	1.536	90.473	71,047,260	2.523	69.416
$600,000 - $649,999	110	1.363	91.836	68,674,137	2.439	71.855
$650,000 - $699,999	85	1.053	92.889	56,928,481	2.022	73.877
$700,000 - $749,999	55	0.681	93.570	39,984,517	1.420	75.297
$750,000 - $799,999	59	0.731	94.301	45,615,687	1.620	76.917
$800,000 - $849,999	48	0.595	94.896	39,566,915	1.405	78.322
$850,000 - $899,999	50	0.619	95.515	43,847,673	1.557	79.879
$900,000 - $949,999	33	0.409	95.924	30,633,204	1.088	80.967
$950,000 - $999,999	30	0.372	96.296	29,328,370	1.042	82.009
$1,000,000 and greater	299	3.704	100.000	506,558,087	17.991	100.000
Total	8,072	100.000%		$2,815,632,071	100.000%	

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

Taxation of State-Assessed Utility Property

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

Any changes in the California electric utility industry structure and in the way in which components of the industry are regulated and owned, including the sale of electric generation assets to largely unregulated, nonutility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation or litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District.

Secured Tax Charges and Delinquencies

The following table shows the secured tax charges and delinquencies for taxes collected in the District by the County from fiscal year 2006-07 through fiscal year 2017-18 (i) with respect to the general countywide *ad valorem* tax levy and (ii) with respect to the tax levy within the District for its general obligation bonds. The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan (as defined below), beginning in the first year of such levy. Under the Teeter Plan, the District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

SECURED TAX CHARGES AND DELINQUENCY RATES
Fiscal Years 2006-07 through 2017-18
Hueneme Elementary School District

General Countywide *Ad Valorem* Tax Levy

Fiscal Year	Secured Tax Charge [1]	Amount Delinquent June 30	Percent Delinquent June 30
2006-07	$6,202,975.02	$179,904.27	2.90%
2007-08	6,604,446.97	260,416.38	3.94
2008-09	6,352,228.88	235,268.35	3.57
2009-10	6,162,711.20	148,148.40	2.40
2010-11	6,050,352.59	115,185.32	1.90
2011-12	5,940,442.23	80,510.16	1.36
2012-13	5,871,100.14	80,482.73	1.37
2013-14	6,153,773.20	170,151.78	2.76
2014-15	6,647,712.57	54,968.03	0.83
2015-16	7,115,429.14	97,152.17	1.37
2016-17	7,380,364.73	59,849.03	0.81
2017-18	7,750,321.68	58,467.46	0.75

General Obligation Bond Debt Service Levy

Fiscal Year	Secured Tax Charge [2]	Amount Delinquent June 30	Percent Delinquent June 30
2006-07	$1,098,715.63	$97,150.82	8.84%
2007-08	1,232,821.52	135,415.19	10.98
2008-09	1,270,135.55	101,108.14	7.96
2009-10	1,375,070.02	62,803.59	4.57
2010-11	1,406,939.22	50,500.79	3.59
2011-12	1,502,142.23	50,362.96	3.35
2012-13	1,456,154.05	36,103.26	2.48
2013-14	2,237,156.65	54,308.29	2.43
2014-15	2,217,860.78	54,276.85	2.45
2015-16	2,422,145.98	54,268.84	2.24
2016-17	2,103,997.94	73,989.68	3.52
2017-18	2,506,485.05	60,219.29	2.40

(1) District's share of 1% countywide levy. Reflects countywide delinquency rate.
(2) District's general obligation bond debt service levy.
Sources: California Municipal Statistics, Inc. and Ventura County Auditor-Controller.

Alternative Method of Tax Apportionment

The Board of Supervisors of Ventura County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all secured tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The *ad valorem* property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Tax Rates

There are a total of 66 tax rate areas in the District. A representative District tax rate area located within the city of Port Hueneme, Tax Rate Area 6-003, has a fiscal year 2018-19 assessed valuation of $404,512,675, representing 8.8% of the District's taxable assessed valuation. A representative tax rate area of the District located within the city of Oxnard, Tax Rate Area 3-005, has a fiscal year 2018-19 assessed valuation of $549,570,624, representing 12.0% of the District's taxable assessed valuation. A representative tax rate area in the unincorporated County portion of the District, Tax Rate Area 63-014, has a fiscal year 2018-19 assessed valuation $688,154,932, representing 15.0% of the District's taxable assessed valuation. The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in these three tax rate areas during the five-year period from 2014-15 to 2018-19.

SUMMARY OF *AD VALOREM* TAX RATES
$1 Per $100 of Assessed Valuation
Hueneme Elementary School District

City of Oxnard – Tax Rate Area 3-005
(2018-19 Assessed Valuation: $549,570,624)

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Hueneme Elementary School District	.066800	.068500	.056600	.063400	.066500
Oxnard Union High School District	.017800	.028200	.022100	.028700	.047500
Ventura Community College District	.017600	.013000	.015500	.015100	.015200
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
City of Oxnard	.076637	.067563	.047429	.068774	.062796
Total All Property Tax Rate	$1.182337	$1.180763	$1.145129	$1.179474	$1.195496

City of Port Hueneme – Tax Rate Area 6-003
(2018-19 Assessed Valuation: $404,512,675)

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Hueneme Elementary School District	.066800	.068500	.056600	.063400	.066500
Oxnard Union High School District	.017800	.028200	.022100	.028700	.047500
Ventura Community College District	.017600	.013000	.015500	.015100	.015200
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total All Property Tax Rate	$1.105700	$1.113200	$1.097700	$1.110700	$1.132700
United Water Conservation District	.018217	.000530	.027148	.026434	.024886
Total Land and Improvement Tax Rate	$.018217	$.000530	$.027148	$.026434	$.024886

Unincorporated Ventura County – Tax Rate Area 63-014
(2018-19 Assessed Valuation: $688,154,932)

	2014-15	2015-16	2016-17	2017-18	2018-19
General Tax Rate	$1.000000	$1.000000	$1.000000	$1.000000	$1.000000
Hueneme Elementary School District	.066800	.068500	.056600	.063400	.066500
Oxnard Union High School District	.017800	.028200	.022100	.028700	.047500
Ventura Community College District	.017600	.013000	.015500	.015100	.015200
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total All Property Tax Rate	$1.105700	$1.113200	$1.097700	$1.110700	$1.132700
United Water Conservation District	.018217	.000530	.027148	.026434	.024886
Total Land and Improvement Tax Rate	$.018217	$.000530	$.027148	$.026434	$.024886

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the 20 largest property taxpayers in the District as determined by secured assessed valuation in fiscal year 2018-19.

LARGEST 2018-19 LOCAL SECURED PROPERTY TAXPAYERS
Hueneme Elementary School District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	Total [1]
1.	New Indy Oxnard LLC	Industrial	$77,683,576	1.86%
2.	SJS TIC Owner I LLC	Apartments	29,946,952	0.72
3.	Ocean Villas LP	Apartments	27,771,334	0.66
4.	Roussey Family Partnership LP	Commercial	11,693,849	0.28
5.	Rexford Industrial Realty LP	Industrial	9,995,010	0.24
6.	We-Jen Enterprises LLC	Apartments	9,468,906	0.23
7.	Pleasant Valley Plaza LP	Shopping Center	9,168,655	0.22
8.	Seaview Apartments LLC	Apartments	8,964,169	0.21
9.	Covenant Care Oxnard LLC	Convalescent Home	8,293,218	0.20
10.	Ocean Dr. Properties LLC	Residential Properties	7,700,000	0.18
11.	939 X Serano Ave. LLC	Commercial	7,384,649	0.18
12.	Evergreen 41 LP	Apartments	7,119,090	0.17
13.	Cheng Hsin Investment	Hotel	6,865,500	0.16
14.	Casa Pacifica	Apartments	6,248,729	0.15
15.	H&R Harbor Village	Apartments	5,707,539	0.14
16.	Jerry E. & Mary G. Barker Trust	Residential Properties	5,694,560	0.14
17.	Global Premier RP Oxnard LP	Convalescent Home	5,610,000	0.13
18.	Yucca Apartments LLC	Apartments	5,551,491	0.13
19.	Club Marina Associates LLC	Apartments	4,827,721	0.12
20.	Roland D. Harper	Apartments	4,804,531	0.11
			$260,499,479	6.24%

[1] 2018-19 local secured assessed valuation: $4,177,853,607.
Source: California Municipal Statistics, Inc.

Debt Obligations

Set forth below is a direct and overlapping debt report regarding the District (a "Debt Report") prepared by California Municipal Statistics, Inc. and effective May 1, 2019, for debt issued as of April 18, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and make no representation in connection therewith.

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

The contents of the Debt Report is as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Hueneme Elementary School District

2018-19 Assessed Valuation: $4,576,022,261

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/19
Metropolitan Water District	0.154%	$73,997
Ventura County Community College District	3.393	9,334,061
Oxnard Union High School District	10.496	28,901,472
Hueneme School District	**100.000**	**33,436,769** [1]
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$71,746,299
OVERLAPPING GENERAL FUND DEBT:		
Ventura County General Fund Obligations	3.392%	$11,016,538
Ventura County Superintendent of Schools Certificates of Participation	3.392	312,742
Oxnard Union High School District General Fund Obligations	10.496	1,576,816
City of Oxnard General Fund Obligations	9.717	7,470,834
City of Port Hueneme General Fund and Pension Obligation Bonds	62.946	2,479,393
TOTAL OVERLAPPING GENERAL FUND DEBT		$22,856,323
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$10,619,787
COMBINED TOTAL DEBT		$105,222,409 [2]

(1) Excludes the Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($33,436,769)... 0.73%
Total Direct and Overlapping Tax and Assessment Debt...... 1.57%
Combined Total Debt 2.30%

Ratios to Redevelopment Incremental Valuation ($1,082,984,354):
Total Overlapping Tax Increment Debt................................ 0.98%

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds of the District is 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." 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 on behalf of the District and the District to spend its revenues for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of its 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 of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article 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 matches or 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 THE BONDS" herein.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property, with certain exceptions. 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 55% 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 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. Such utilities may include railways, telephone companies and companies transmitting or selling gas or electricity. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. 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 "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 average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article 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 State 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 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– 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 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 have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in 1986-87, 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 changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional monies would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

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 the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which 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 (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

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

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

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades. See also "DISTRICT FINANCIAL INFORMATION – State Dissolution of Redevelopment Agencies."

Proposition 30 and Proposition 55

On November 6, 2012, State voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

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

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 K-14 school districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – 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 K-14 school 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, State 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 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 ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State 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 district lacks 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 22, 39, 98, 51 and 55 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.

State Budget

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof.*

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% cost of living adjustment ("COLA") to the adjusted Base Grants for the prior year. Additionally, the 2018-19 Budget provides nearly an extra one 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 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 LCFF 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 STRS, 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 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 created by State legislation approved in 2014 (as amended in 2017). For additional information, see "– SB 858" and "– SB 751" under "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

- *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 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.

THE DISTRICT

Introduction

The District is located on the Pacific Coast of the County, about 60 miles north of Los Angeles and 35 miles south of Santa Barbara. The District encompasses an area of approximately eight square miles, including a large portion of the city of Port Hueneme, a small portion of the city of Oxnard, and adjacent unincorporated areas.

The District is an elementary school district for students in grades K-8. The District currently operates 11 schools, including nine elementary schools and two junior high schools. District enrollment for the 2018-19 school year is approximately 8,243 students. Eighth grade students graduating from the District attend high school in the Oxnard Union High School District (the "High School District"). The District is one of six feeder elementary districts to the High School District.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial reports of the District may be obtained by contacting: Hueneme Elementary School District, 205 North Ventura Road, Port Hueneme, California 93041-3065, Attention: Superintendent. The District may impose a charge for copying, mailing and handling.

Administration

The District's Board consists of five elected members. Members are elected at-large to serve staggered four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. A president is elected by members of the Board each year. The day-to-day affairs of the District are the responsibility of the Superintendent. Current members of the Board, together with their offices and the dates their current terms expire, are listed below:

BOARD OF TRUSTEES
Hueneme Elementary School District

Board Member	Office	Current Term Expires
Charles Weis, Ph.D.	President	December 2022
Darlene A. Bruno	Clerk	December 2020
Siugen Constanza	Member	December 2020
Bexy I. Gomez	Member	December 2022
Scott Swenson	Member	December 2022

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Currently, Christine Walker, Ed.D., is the Superintendent of the District. Cathy Niss is the Chief Business Official of the District.

Enrollment Trends

Enrollment in the District has increased by 19.7% since 1986-87, representing an average annual compound growth rate of 0.56%. The following table shows the enrollment history for the District.

ANNUAL ENROLLMENT
Fiscal Years 1986-87 Through 2018-19
Hueneme Elementary School District

Year	Enrollment[1]	Annual Change	Annual % Change
1986-87	6,889	--	--
1987-88	6,963	74	1.1%
1988-89	7,139	176	2.5
1989-90	7,244	105	1.5
1990-91	7,252	8	0.1
1991-92	7,417	165	2.3
1992-93	7,623	206	2.8
1993-94	7,608	-15	-0.2
1994-95	7,854	246	3.2
1995-96	8,020	166	2.1
1996-97	8,076	56	0.7
1997-98	8,241	165	2.0
1998-99	8,416	175	2.1
1999-00	8,547	131	1.6
2000-01	8,651	104	1.2
2001-02	8,698	47	0.5
2002-03	8,648	-50	-0.6
2003-04	8,508	-140	-1.6
2004-05	8,274	-234	-2.8
2005-06	8,208	-66	-0.8
2006-07	8,025	-180	-2.2
2007-08	8,091	66	0.8
2008-09	7,983	-108	-1.3
2009-10	8,079	96	1.2
2010-11	8,122	43	0.5
2011-12	8,250	128	1.6
2012-13	8,332	82	1.0
2013-14	8,435	103	1.2
2014-15	8,393	-42	-0.5
2015-16	8,458	65	0.8
2016-17	8,379	-79	-0.9
2017-18	8,429	50	0.6
2018-19	8,243	-186	-2.2

(1) Enrollment as of October CBEDS in each school year.
Source: The District.

Labor Relations

As of January 1, 2019, the District employed 428 certificated employees and 273 classified employees (full-time equivalents). These employees, except management and some part-time employees, are represented by two bargaining units as noted below:

LABOR BARGAINING UNITS
Hueneme Elementary School District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Hueneme Education Association	401	June 30, 2020
California School Employees Association	429	June 30, 2019[1]

(1) Employees are expected to continue to work under the terms of the expired contract in the following fiscal year, while the negotiations are conducted.
Source: The District.

State 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 be construed as a representation by either the District 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 the fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For the fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

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 $3,320,260 in fiscal year 2014-15, $4,493,597 in fiscal year 2015-16, $5,529,605 in fiscal year 2016-17 and $6,458,251 for fiscal year 2017-18. The District currently projects $7,254,006 for its contribution 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% of such salaries 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 $1,056,313 in fiscal year 2014-15, $1,255,444 in fiscal year 2015-16, $1,501,111 in fiscal year 2016-17, and $1,737,834 for fiscal year 2017-18. The District currently projects $2,025,533 for its contribution to PERS for fiscal year 2018-19.

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 following table 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.

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.

Proportionate Share of Net Pension Liabilities. The District's proportionate shares of the net pension liabilities for STRS and PERS, as of June 30, 2018, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$77,012,630
PERS	21,275,636
Total	$98,288,266

Source: The District.

For additional information regarding the District's pension liabilities, see Note 10 to the fiscal year 2017-18 audited financial statements of the District included in Appendix A hereto.

Post-Employment Benefits

The District provides post-employment medical, dental and vision insurance benefits to certain eligible employees through a single-employer defined benefit healthcare plan (the "Plan"). The District currently funds the Plan on a pay-as-you-go basis. The most recent actuarial report for the Plan produced a valuation as of July 1, 2016. As of June 30, 2018, the District had a total OPEB liability in respect of the Plan of $22,382,607. For additional information regarding the Plan and its funding, see Note 11 to the fiscal year 2017-18 audited financial statements of the District included in Appendix A hereto.

In addition to the Plan, the District participates in the Medicare Premium Payment ("MPP") Program, a cost-sharing multiple-employer other postemployment benefits program administered by STRS through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for certain eligible individuals who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. As of June 30, 2018, the District's proportionate share of the MPP Program OPEB liability was reported as $557,605. See Note 11 to the fiscal year 2017-18 audited financial statements of the District included in Appendix A hereto.

Joint Powers Authorities

The District participates in joint ventures under joint powers agreements with the Ventura County Schools Self-Funding Authority (the "VCSSFA"), the Gold Coast Joint Benefits Trust (the "GCJBT"), and the Ventura County Fast Action School Transit Authority (the "VCFAST") (together, the "JPAs"). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

The VCSSFA arranges for and provides worker's compensation, fire, property, and liability insurance for the District. The GCJBT arranges for and provides medical, dental, and vision care coverage for the District. The VCFAST provides courier service between member districts and the Ventura County Office of Education. The JPAs are governed by independent boards consisting of representatives from each member district. The respective boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the respective boards.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of ad valorem *taxes required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment."*

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 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. Since fiscal year 2013-14, school districts have been funded based on uniform system of funding grants assigned to certain grade spans, as described below. See "—Local Control Funding Formula."

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the 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 was 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 is expected to occur over a period of several fiscal years. Beginning in fiscal year 2013-14, an annual transition adjustment has been 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 will have the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

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. Beginning in fiscal year 2013-14, the Base Grants have been 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 Measures" for information on the adjusted Base Grants provided by current budgetary legislation.

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. AB 97 also provides additional add-ons 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). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") 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 by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment for fiscal years 2012-13 through 2018-19.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Hueneme Elementary School District
Fiscal Years 2012-13 through 2018-19

	Average Daily Attendance[1]				Enrollment[2]	
Fiscal Year	TK-3	4-6	7-8	Total ADA	Total Enrollment	% of EL/LI Enrollment[3]
2012-13	3,912	2,483	1,505	7,900	8,332	n/a
2013-14	4,025	2,596	1,556	8,177	8,442	86%
2014-15	3,929	2,699	1,563	8,191	8,393	86
2015-16	3,829	2,785	1,555	8,169	8,458	83
2016-17	3,683	2,845	1,618	8,146	8,379	89
2017-18	3,676	2,779	1,679	8,134	8,429	89
2018-19	3,530	2,614	1,815	7,959	8,250	86

Note: ADA figures rounded to the nearest whole number.

(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 with the first day of school for a particular school district.

(2) Enrollment for fiscal year 2012-13 is reported as of the October report submitted to the California Basic Educational Data System ("CBEDS"). Fiscal years 2013-14 and onward 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 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. 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.

Source: The 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 a 1.94% COLA 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 LCFF implementation period. 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.

Community Supported Districts. Certain schools districts, known as "community supported" districts (or, previously, 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. Community supported 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 community supported 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 qualify as a community supported district.

Accountability. Regulations adopted by the State Board of Education require 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, and detail 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 covering a three-year period were required to be adopted beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

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 to (i) 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 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 14 programs was excluded from the LCFF—including, among others, child nutrition, after school education and safety, special education, and State preschool—and school districts will continue to receive restricted State revenues to fund these programs.

Other Revenue Sources

Federal and Local Sources. The federal government provides funding for several school district programs, including specialized programs such as the Every Student Succeeds Act, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, portions of a school district's budget can come from local sources other than property taxes, including but not limited to interest income, leases and rentals, interagency services, developer fees, foundations, donations and sales of property.

The California lottery is another source of funding for school districts, providing approximately 1% to 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the

California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the State Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the State Controller. If the State Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the monies received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved using current assessed values . . . and pursuant to statutory formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

Accounting Practices

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

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The fiscal year for the District begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements of 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 Superintendent of the Hueneme Elementary School District, 205 North Ventura Road, Port Hueneme, California 93041-3065, telephone: (805) 488-3588. The audited financial statements of the District for the year ended June 30, 2018 are included in Appendix A hereto.

A comparison of the District's audited general fund revenues, expenditures and changes in fund balances from fiscal years 2013-14 through fiscal year 2017-18 is set forth in the following table.

AUDITED FINANCIAL STATEMENTS
Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund
Fiscal Years 2013-14 through 2017-18[(1)]
Hueneme Elementary School District

	2013-14	2014-15	2015-16	2016-17	2017-18[(2)]
REVENUES					
LCFF Sources:					
State Apportionments	$47,511,039	$55,927,845	$65,249,036	$70,742,763	$72,204,923
Local Sources	5,613,253	5,765,456	7,280,929	7,252,070	8,105,866
Total LCFF Sources	53,124,292	61,693,301	72,529,965	77,994,833	$80,310,789
Federal sources	4,773,430	4,407,301	4,589,252	4,444,126	4,123,536
Other State sources	5,728,246	6,408,154	8,630,524	4,860,306	10,475,781
Other Local sources	4,586,788	5,330,229	5,454,330	5,514,589	6,805,321
Total Revenues	68,212,756	77,838,985	91,204,071	92,813,854	101,715,427
EXPENDITURES					
Instruction	45,614,944	51,594,684	56,674,025	61,687,837	65,572,431
Instruction - Related Services	6,994,003	8,730,477	10,576,692	11,315,126	11,442,998
Pupil Services	3,100,003	4,027,661	5,079,100	5,568,204	5,791,692
Community Services	729,576	622,516	546,263	576,174	611,058
General Administration	3,191,850	3,308,645	3,775,878	3,982,968	4,644,177
Plant Services	6,108,155	8,680,390	8,062,942	10,253,415	8,402,087
Other outgo	1,864,818	1,946,974	2,499,942	2,935,976	4,331,921
Debt Service	--	--	--	--	--
Total Expenditures	67,603,349	78,911,347	87,214,842	96,319,700	100,796,364
Net Changes in Fund Balances	609,407	(1,072,362)	3,989,229	(3,505,846)	919,063
Fund Balance – Beginning of Year	10,068,911	10,678,318	9,605,956	13,595,185	10,089,339
Fund Balances – End of Year	$10,678,318	$9,605,956	$13,595,185	$10,089,339	$11,008,402

(1) For the District's fiscal year 2018-19 projected actual general fund unaudited revenues, expenditures and changes in fund balances, see "– General Fund Budgets" below.
(2) Due to a change in auditor and audit format, this column presents summary information from fiscal year 2017-18 audited financial statements, with some expenditure items reorganized to provide a comparison in similar format to prior years. A breakdown of LCFF sources was not included in the fiscal year 2017-18 audited financial statements. Figures shown above provided by the District. See Appendix A hereto.
Source: The District.

Budget Process

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.

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

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

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

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

The District has never had an adopted budget disapproved by the county superintendent of schools, and has never received a "negative" certification of an Interim Report pursuant to AB 1200. The District self-reported a "qualified" certification of its Second Interim Report in fiscal year 2009-10. The District has received "positive" certifications for every subsequent Interim Report.

General Fund Budgets

The District's general fund budgets for the fiscal years ending June 30, 2017 through June 30, 2019, actual results for the fiscal years ending June 30, 2017 through June 30, 2018, and projected results for the fiscal year ending June 30, 2019, are set forth in the following table.

GENERAL FUND BUDGET AND ACTUAL RESULTS
FISCAL YEARS ENDING JUNE 30, 2017 THROUGH JUNE 30, 2019
Hueneme Elementary School District

	2016-17 Budget[1]	2016-17 Actual[2]	2017-18 Budget[1][3]	2017-18 Actual[2][3]	2018-19 Budget[4]	2018-19 Projected[5]
REVENUES						
Local Control Funding Formula:						
State Apportionment	$70,743,871	$70,742,763	$73,590,025	$72,204,923	$80,660,315	$79,598,563
Local Sources	6,603,669	7,252,070	6,854,852	8,105,866	6,413,809	8,105,866
Total Local Control Funding Formula Sources	77,347,540	77,994,833	80,444,877	80,310,789	87,074,124	87,704,429
Federal Revenue	4,325,243	4,444,126	4,109,981	4,123,536	4,340,586	5,744,446
Other State Sources	3,435,592	4,860,306	2,974,127	6,770,908	5,896,079	5,588,188
Other Local Sources	3,829,819	5,514,589	6,097,007	6,805,321	5,010,584	5,855,095
Total Revenues	88,938,194	92,813,854	93,625,992	98,010,554	102,321,373	104,892,158
Expenditures						
Certificated Salaries	44,169,522	45,053,857	45,225,416	45,928,488	46,863,654	46,794,726
Classified Salaries	10,741,642	11,842,295	11,738,383	12,665,473	12,860,122	13,262,132
Employee Benefits	18,899,823	20,000,231	21,150,951	21,629,268	23,066,785	23,169,340
Books and Supplies	5,748,696	6,887,454	5,370,985	4,221,966	5,037,820	6,202,649
Contracted Services	5,935,369	7,725,018	6,894,066	8,198,102	8,241,920	9,361,133
Capital Outlay	140,000	2,069,632	--	917,284	140,000	2,599,415
Tuition and Other Outgo	2,025,680	2,935,976	2,960,000	3,728,946	3,637,397	3,692,397
Direct Support - Indirect Costs	(175,000)	(194,763)	(198,036)	(198,036)	(194,641)	(194,641)
Total Expenditures	87,485,732	96,319,700	93,141,765	97,091,491	99,653,057	104,887,151
Net Change in Fund Balances	1,452,462	(3,505,846)[6]	484,227	919,063	2,668,316	5,007
Fund Balance – Beginning of Year	[7]	13,595,185	10,089,339	10,089,339	9,673,345	11,008,405
Fund Balance – Ending of Year	[7]	$10,089,339	$10,573,566	$11,008,402	$12,341,661	$11,013,412

(1) Original general fund budget, as reflected in audited financial statements of the District for the years shown.
(2) Audited actual results.
(3) A breakdown of LCFF sources was not included in the fiscal year 2017-18 audited financial statements. Figures shown above provided by the District. See Appendix A hereto.
(4) Adopted budget.
(5) Projected fiscal year 2018-19 actual results from District's Second Interim Report, presented to the Board on March 11, 2019.
(6) Deficit in fiscal year 2016-17 largely due to spend-down of State-mandated one-time funding received in fiscal year 2015-16.
(7) General fund budget balances at beginning and end of year not shown in fiscal year 2016-17 audited financial statements of the District.
Source: The District.

District Debt Structure

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

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
General obligation bonds:				
Principal Payments	$36,205,270	--	$1,218,168	$34,987,102
Accreted Interest	3,888,536	$390,098	391,833	3,886,801
Unamortized Issuance Premium	2,094,363	--	136,506	1,957,857
Total General obligation bonds	42,188,169	390,098	1,746,507	40,831,760
Compensated absences	524,282	--	47,069	477,213
Postemployment healthcare benefits(1)	21,945,142	1,852,207	857,137	22,940,212
Total(2)	$64,657,593	$2,242,305	$2,650,713	$64,249,185

(1) See "THE DISTRICT – Post-Employment Benefits."
(2) Does not reflect pension liabilities. See "THE DISTRICT – State Retirement Systems – Proportionate share of Net Pension Liability."
Source: The District.

General Obligation Bonds. The District received authorization at an election held on March 4, 1997, by an affirmative vote of 75% of the votes cast by eligible voters within the District, to issue not to exceed $4,700,000 of general obligation bonds (the "1997 Authorization"). On June 18, 1998, the District issued an aggregate principal amount of $2,085,011.00 of its General Obligation Bonds, 1997 Election, Series A (the "1997 Election, Series A Bonds") pursuant to the 1997 Authorization. On May 6, 1999, the District issued an aggregate principal amount of $2,611,156.40 of its General Obligation Bonds, 1997 Election, Series B (the "1997 Election, Series B Bonds") pursuant to the 1997 Authorization. Approximately $3,832 remains available under the 1997 Authorization.

The District received authorization at an election held on June 6, 2000, by an affirmative vote of 70.6% of the votes cast by eligible voters within the District, to issue not to exceed $6,950,000 of general obligation bonds (the "2000 Authorization"). On November 16, 2000, the District issued an aggregate principal amount of $3,385,000.00 of its General Obligation Bonds, 2000 Election, Series A (the "2000 Election, Series A Bonds") pursuant to the 2000 Authorization. On June 18, 2002, the District issued an aggregate principal amount of $3,563,544.55 of its General Obligation Bonds, 2000 Election, Series B (the "2000 Election, Series B Bonds") pursuant to the 2000 Authorization. Approximately $1,455 remains available under the 2000 Authorization.

On October 11, 2011, the District issued an aggregate principal amount of $3,980,000 of its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds"), proceeds of which were used to refund certain maturities of each of the 2000 Election, Series A Bonds and the 2000 Election, Series B Bonds.

The District received authorization at an election held on November 2, 2004, by an affirmative vote of 74.0% of the eligible voters within the District, to issue not to exceed $17,100,000 of general obligation bonds (the "2004 Authorization"). On July 28, 2005, the District issued an aggregate principal amount of $9,500,000.00 of its General Obligation Bonds, 2004 Election, Series A (the "2004 Election, Series A Bonds") pursuant to the 2004 Authorization. Pursuant to the 2004 Authorization, on August 9, 2007, the District issued an aggregate principal amount of $7,599,996.25 of its General Obligation Bonds, 2004 Election, Series B (the "2004 Election, Series B Bonds"). Approximately $3 remains available under the 2004 Authorization. On May 2, 2014, the District issued an aggregate principal amount of $8,700,000 of its 2014 General Obligation Refunding Bonds (the "2014 Refunding Bonds") through a private placement, proceeds of which were used to refund certain maturities of the 2004 Election, Series A Bonds. On June 28, 2017, the District issued an aggregate principal amount of $4,675,000 of its 2017 General Obligation Refunding Bonds (the "2017 Refunding Bonds"), proceeds of which were used to refund certain maturities of the 2004 Election, Series B Bonds.

The District received authorization at an election held on November 6, 2012, by an affirmative vote of 76.4% of the eligible voters within the District, to issue not to exceed $19,600,000 of general obligation bonds (the "2012 Authorization"). On May 16, 2013, the District issued an aggregate principal amount of $4,000,000 of its General Obligation Bonds, 2012 Election, Series A (the "2012 Election, Series A Bonds"), pursuant to the 2012 Authorization. On February 3, 2015, the District issued an aggregate principal amount of $11,000,000 of its General Obligation Bonds, 2012 Election, Series B (the "2012 Election, Series B Bonds"), pursuant to the 2012 Authorization. See "THE BONDS – Authority for Issuance. On June 28, 2017, the District issued an aggregate principal amount of $4,600,000 of its General Obligation Bonds, 2012 Election, Series C (the "2012 Election, Series C Bonds"), pursuant to the 2012 Authorization.

The table on the following page presents the annual debt service requirements on all of the District's outstanding general obligation bonded debt, including the Bonds, assuming no optional redemptions of such bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

AGGREGATE ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED DEBT[1]
Hueneme Elementary School District

Year Ending (August 1)	1997 Election Series A[2]	1997 Election Series B[3]	2000 Election Series B[4]	2004 Election Series B	2011 Refunding	2012 Election Series A	2014 Refunding	2012 Election Series B	2012 Election Series C	2017 Refunding	2018 Election Series A	Total Annual Debt Service
2019	$180,000	$215,000	$295,000	--	$263,025	$115,375	$673,100	$572,150	$552,200	$409,800	$61,479	$3,337,129
2020	185,000	220,000	300,000	--	270,225	119,475	699,125	589,350	434,400	430,400	1,667,650	4,915,625
2021	185,000	225,000	305,000	--	276,825	123,075	728,850	609,550	448,200	444,800	1,445,900	4,792,200
2022	190,000	225,000	310,000	--	282,825	131,475	762,113	624,000	461,000	468,200	514,300	3,968,913
2023	190,000	230,000	315,000	--	285,625	134,475	793,750	645,800	477,800	485,200	461,800	4,019,450
2024	--	235,000	320,000	--	292,500	137,275	823,763	671,400	488,400	501,000	476,550	3,945,888
2025	--	--	330,000	--	299,250	139,875	857,150	690,600	508,000	525,600	495,300	3,845,775
2026	--	--	335,000	--	--	147,275	893,750	713,600	521,200	543,600	512,800	3,667,225
2027	--	--	340,000	--	--	150,025	928,400	740,200	538,200	565,200	529,050	3,791,075
2028	--	--	--	--	--	157,425	966,100	760,200	558,800	585,200	544,050	3,571,775
2029	--	--	--	--	--	159,500	1,006,688	788,800	332,800	613,600	562,800	3,464,188
2030	--	--	--	$1,700,000	--	164,750	--	810,600	--	--	580,050	3,255,400
2031	--	--	--	1,755,000	--	169,500	--	840,800	--	--	598,650	3,363,950
2032	--	--	--	1,830,000	--	178,750	--	864,450	--	--	621,050	3,494,250
2033	--	--	--	--	--	182,250	--	891,900	--	--	637,050	1,711,200
2034	--	--	--	--	--	190,250	--	918,000	--	--	661,850	1,770,100
2035	--	--	--	--	--	197,500	--	947,750	--	--	680,050	1,825,300
2036	--	--	--	--	--	199,000	--	986,000	--	--	701,850	1,886,850
2037	--	--	--	--	--	210,000	--	1,011,750	--	--	727,050	1,948,800
2038	--	--	--	--	--	--	--	1,264,250	--	--	750,450	2,014,700
2039	--	--	--	--	--	--	--	1,302,000	--	--	772,050	2,074,050
2040	--	--	--	--	--	--	--	--	--	--	796,850	796,850
2041	--	--	--	--	--	--	--	--	--	--	826,450	826,450
2042	--	--	--	--	--	--	--	--	--	--	849,550	849,550
2043	--	--	--	--	--	--	--	--	--	--	881,300	881,300
2044	--	--	--	--	--	--	--	--	--	--	906,400	906,400
Totals[5]	$930,000	$1,350,000	$2,850,000	$5,285,000	$1,970,275	$3,007,250	$9,132,788	$17,243,150	$5,321,000	$5,572,600	$18,262,329	$70,924,392

(1) Figures rounded to the dollar.
(2) Final maturity is June 1, 2023.
(3) Final maturity is May 1, 2024.
(4) Final maturity is June 1, 2027.
(5) Columns may not sum to totals due to rounding.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation, Irvine, California, Bond Counsel, subject, however, to certain qualifications described herein, based upon an analysis of existing statutes, regulations, rulings and court decisions, and assuming, among other things, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted within the Resolution to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Resolution and other related documents refer to certain requirements, covenants and procedures which may be changed and certain actions that may be taken, upon the advice or with an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel as to the effect on any Bond or the interest thereon if any such change is made or action is taken upon the advice or approval of counsel other than Bond Counsel. Bond Counsel has not undertaken to determine (or to inform any person) where any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Bond Counsel expresses no opinion regarding other tax consequences arising with respect to the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the recipient's federal or state tax liability. Owners of the Bonds should be aware that the ownership or disposition of, or the accrual or receipt of interest on the Bonds may have federal or state tax consequences other than as described above. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. Bond Counsel expresses no opinion regarding any federal or State tax consequences arising with respect to the Bonds other than as expressly described above.

See "APPENDIX B – FORM OF OPINION OF BOND COUNSEL" for the proposed form of opinion of Bond Counsel.

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exclusion from gross income for federal income tax purposes of interest on the Bonds. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners of the Bonds regarding the tax-exempt status of the Bonds in the event of an audit examination by the Internal Revenue Service. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners of the Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of Internal Revenue Service positions with which the District legitimately disagrees may not be practicable. Any action of the Internal Revenue Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners of the Bonds to incur significant expense.

Original Issue Discount; Premium Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

The Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond, and under United States Treasury Regulations, the amount of tax-exempt interest received will be reduced by the amount of amortizable bond premium properly allocable to such purchase.

Purchasers and owners of the Bonds, including Premium Bonds, should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount properly accruable with respect to the Bonds, other federal income tax consequences of owning tax-exempt obligations with original issue discount and any state and local consequences of owning the Bonds.

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Recent legislation, future legislative proposals, if enacted into law, clarification of the Code and/or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. Recent legislation, the introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

As discussed in this Official Statement, under the caption "TAX MATTERS – Opinion of Bond Counsel," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Resolution. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Resolution.

Internal Revenue Service Audit of Municipal Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt securities issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. 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 securities).

Information Reporting; Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the Internal Revenue Service, or (b) has been identified by the Internal Revenue Service as being subject to backup withholding.

LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's fiscal year (the District's fiscal year ends on June 30), commencing with the report for the 2018-19 fiscal year (which is due not later than April 1, 2020), and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of events will be filed in accordance with the requirements of S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and to be contained in the notices of enumerated events is described in the form of Continuing Disclosure Certificate attached hereto as Appendix C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Within the past five years, the District failed to timely file a notice of a listed event (change of rating related to the downgraded rating of a bond insurer), as required by its continuing disclosure undertaking with respect to its outstanding 1997 Election, Series B Bonds. The District has retained Isom Advisors, a Division of Urban Futures, Inc., as the District's dissemination agent ("Dissemination Agent") to assist the District with compliance with its continuing disclosure obligations, including with respect to the Bonds. The Dissemination Agent has assisted the District in filing certain information with respect to its prior obligations under the Rule and continues to work with the District in establishing and maintaining the necessary safeguards to assist in the timely filing of required information going forward.

Legality for Investment in California

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

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 the Underwriter 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 levy or collection of *ad valorem* taxes to pay the principal of and interest on the Bonds, or the ability of the District to collect other revenues or contesting the District's ability to issue and retire the Bonds.

The District is occasionally subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as Appendix B.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 29, 2018, of Nigro & Nigro, PC (the "Auditor"), are included in this Official Statement as Appendix A. In connection with the inclusion of the financial statements and the reports of the Auditor thereon in Appendix A to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its reports.

RATINGS

The Bonds are expected to be assigned a rating of "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), based upon the issuance of the Policy by BAM at the time the Bonds are delivered. S&P has also assigned an underlying rating of "A+" to the Bonds.

Such rating reflects only the views of the rating organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds. See the caption "LEGAL MATTERS – Continuing Disclosure" above and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE." Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from S&P 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 pursuant to the Rule. Purchasers of the Bonds are directed to S&P, its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance thereof.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $12,622,024.29, which is equal to the principal amount of the Bonds of $12,000,000.00, plus net original issue premium of $724,705.00, less the Underwriter's discount of $72,000.00 and less an amount of $30,680.71 for the premium on the Policy. The Bond Purchase Agreement 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 said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

ADDITIONAL INFORMATION

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.

Some of the data contained herein has been taken or constructed from the 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's Board of Trustees.

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

HUENEME ELEMENTARY SCHOOL DISTRICT

By /s/ Christine Walker, Ed.D.
Superintendent

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

FISCAL YEAR 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

HUENEME ELEMENTARY SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended June 30, 2018

HUENEME ELEMENTARY SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2018
Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
Management's Discussion and Analysis 3
Basic Financial Statements:
Government-wide Financial Statements:
Statement of Net Position 12
Statement of Activities 13
Governmental Funds Financial Statements:
Balance Sheet 14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 15
Statement of Revenues, Expenditures, and Changes in Fund Balances 16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 17
Fiduciary Funds Financial Statements:
Statement of Fiduciary Net Position 18
Notes to Financial Statements 19

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund 49
Schedule of Proportionate Share of the Net Pension Liability 50
Schedule of Pension Contributions 51
Schedule of Changes in the District's Total OPEB Liability and Related Ratios 52
Schedule of Changes in the District's Total OPEB Liability and Related Ratios-MPP Program 53
Notes to the Required Supplementary Information 54

SUPPLEMENTARY INFORMATION

Local Educational Agency Organization Structure 55
Schedule of Average Daily Attendance 56
Schedule of Instructional Time 57
Schedule of Financial Trends and Analysis 58
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements 59
Schedule of Expenditures of Federal Awards 60
Note to the Supplementary Information 61

Table of Contents

OTHER INDEPENDENT AUDITORS' REPORTS

Page

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards........62
Independent Auditors' Report on State Compliance........64
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance........66

FINDINGS AND QUESTIONED COSTS

Schedule of Audit Findings and Questioned Costs:
Summary of Auditors' Results........68
Current Year Audit Findings and Questioned Costs........69
Summary Schedule of Prior Audit Findings........73
Management Letter........75

Financial Section

NIGRO & NIGRO PC
A PROFESSIONAL ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

Board of Education
Hueneme Elementary School District
Port Hueneme, 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 Hueneme Elementary School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* 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 Hueneme Elementary School District, as of June 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • *Licensed by the California Board of Accountancy*

Change in Accounting Principle

As discussed in Note 1.I.1. to the basic financial statements, the District has changed its method for accounting and reporting for postemployment benefits other than pensions during fiscal year 2017-18 due to the adoption of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The adoption of this standard required retrospective application resulting in a $12,076,865 reduction of previously reported net position at July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 56 to 59 and the schedule of expenditures of federal awards on page 60 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 55 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 29, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
November 29, 2018

This discussion and analysis of Hueneme Elementary School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $3.2 million, or 5.3%.
- Governmental expenses were about $110.7 million. Revenues were about $107.5 million.
- The District acquired over $2.3 million in new capital assets during the year. These additions were incurred primarily from modernization projects throughout the District.
- The District increased its outstanding long-term debt by $14.1 million. This was primarily due to an increase in the net pension liability.
- Grades K-12 average daily attendance (ADA) decreased by 13, or 0.2%.

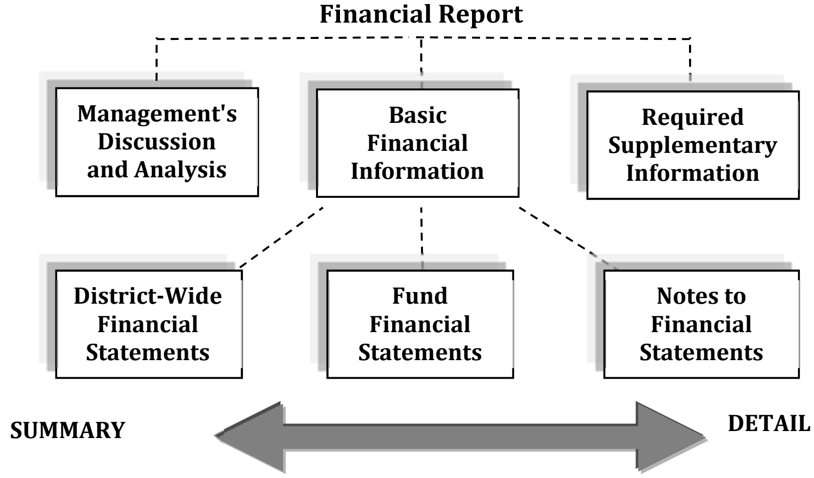
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Hueneme Elementary School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The district-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 District'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 district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has two kinds of funds:

1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements 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. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

Fund Financial Statements (continued)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was lower on June 30, 2018, than it was the year before – decreasing 5.3% to $(64.1) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2018	2017*	Increase (Decrease)
Assets			
Current assets	$ 27,390,158	$ 26,110,820	$ 1,279,338
Capital assets	46,007,969	46,917,766	(909,797)
Total assets	73,398,127	73,028,586	369,541
Deferred outflows of resources	36,906,344	24,465,396	12,440,948
Liabilities			
Current liabilities	8,177,945	7,540,583	637,362
Long-term liabilities	64,249,185	64,657,593	(408,408)
Net pension liability	98,288,266	83,761,725	14,526,541
Total liabilities	170,715,396	155,959,901	14,755,495
Deferred inflows of resources	3,644,779	2,359,258	1,285,521
Net position			
Net investment in capital assets	11,349,037	4,729,597	6,619,440
Restricted	5,893,319	9,366,128	(3,472,809)
Unrestricted	(81,298,060)	(74,920,902)	(6,377,158)
Total net position	$ (64,055,704)	$ (60,825,177)	$ (3,230,527)

*As restated

Changes in net position, governmental activities. The District's total revenues increased 6.7% to $107.5 million (See Table A-2). The increase is due primarily to an increase in federal and state funding.

The total cost of all programs and services increased 2.2% to $110.7 million. The District's expenses are predominantly related to educating and caring for students, 79.6%. The purely administrative activities of the District accounted for just 4.4% of total costs. A significant contributor to the increase in costs was negotiated salary increases.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities 2018	Governmental Activities 2017	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 140,453	$ 131,646	$ 8,807
Operating grants and contributions	18,344,907	15,161,384	3,183,523
General Revenues:			
Property taxes	11,331,419	10,072,687	1,258,732
Federal and state aid not restricted	75,449,275	74,391,396	1,057,879
Other general revenues	2,236,706	977,770	1,258,936
Total Revenues	107,502,760	100,734,883	6,767,877
Expenses			
Instruction-related	76,922,329	76,366,354	555,975
Pupil services	11,272,564	10,386,858	885,706
Administration	4,877,172	4,315,236	561,936
Plant services	9,050,788	8,949,057	101,731
All other activities	8,610,434	8,285,984	324,450
Total Expenses	110,733,287	108,303,489	2,429,798
Increase (decrease) in net position	$ (3,230,527)	$ (7,568,606)	$ 4,338,079
Net Position	$ (64,055,704)	$ (60,825,177)	

FINANCIAL ANALYSIS OF THE DISTRICT'S 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 $19.7 million, which is above last year's ending fund balance of $19.4 million. The primary cause of the increased fund balance is the increase in state funding to the General Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
	July 1, 2017	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2018
Fund					
General Fund	$ 10,089,339	$ 101,715,427	$ 100,796,364	$ -	$ 11,008,402
Cafeteria Fund	1,554,065	5,631,902	5,972,588	-	1,213,379
Building Fund	4,771,920	47,710	575,746	-	4,243,884
Capital Facilities Fund	34,286	24,125	19,230	-	39,181
Bond Interest and Redemption Fund	2,921,553	2,960,431	2,688,482	14,855	3,208,357
	$ 19,371,163	$ 110,379,595	$ 110,052,410	$ 14,855	$ 19,713,203

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $5.3 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $2.7 million due to reflect revised cost estimates.
- Other non-personnel expenses – increased $3.7 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $1.2 million, the actual results for the year show that revenues exceeded expenditures by roughly $919,000. Actual revenues were $0.9 million less than anticipated, and expenditures were $3.0 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2018, that will be carried over into the 2018-19 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017-18 the District had acquired $2.3 million in new capital assets related to construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $3.2 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities 2018	Governmental Activities 2017	Variance Increase (Decrease)
Land	$ 1,219,959	$ 1,219,959	$ -
Improvement of sites	5,686,496	6,144,142	(457,646)
Buildings	37,147,430	37,605,022	(457,592)
Equipment	827,747	875,216	(47,469)
Construction in progress	1,126,337	1,073,427	52,910
Total	$ 46,007,969	$ 46,917,766	$ (909,797)

Long-Term Debt

At year-end the District had $64.2 million in long-term debt – a decrease of 0.6% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities 2018	Governmental Activities 2017*	Variance Increase (Decrease)
General obligation bonds	$ 40,831,760	$ 42,188,169	$ (1,356,409)
Compensated absences	477,213	524,282	(47,069)
Other postemployment benefits	22,940,212	21,945,142	995,070
Total	$ 64,249,185	$ 64,657,593	$ (408,408)

*As restated

FACTORS BEARING ON THE DISTRICT'S FUTURE

The 2018-19 State Budget

Final Budget Package Includes $15.9 Billion in Total Reserves
The Legislature passed the final budget package on June 14, 2018. Total reserves in the final budget package are lower than the proposed level in the May Revision, but roughly the same as the level proposed by the Governor in January. The budget package also reflects various choices that shifted spending priorities compared to the Governor's proposal. In particular, the final budget package reduces payments for deferred maintenance by $700 million—relative to the Governor's proposal—freeing up a like amount of funding. Correspondingly, the final budget package reflects higher General Fund spending for homeless grants and the universities, among others. The Governor signed the *2018-19 Budget Act* and 26 other budget related bills on June 27 and June 28, 2018.

Overall Spending
The budget assumed total state spending of $197.2 billion (excluding federal and bond funds), an increase of 7% over revised totals for 2017-18. General Fund spending in the budget package is $138.7 billion—an increase of $11.6 billion, or 9%, over the revised 2017-18 level. Special fund spending increased $1.3 billion, or 2%, over the revised 2017-18 level.

Considerable New Spending on Education
The budget package contains significant increases for every education segment. For elementary and secondary schools, the state surpasses the Local Control Funding Formula target rates set in 2013-14. For early education, the budget contains higher spending for more slots, rate increases, staff training, and facilities.

Proposition 98 Establishes Minimum Spending Level
This minimum spending requirement is commonly called the minimum guarantee. The minimum guarantee is determined by three main formulas (known as tests) and various inputs, including General Fund revenue, per capita personal income, and K-12 student attendance. The state can spend at the minimum guarantee or any level above it. If the minimum guarantee increases after budget enactment due to updated inputs, the state owes a "settle-up" obligation. In some years, the state also creates or pays "maintenance factor." Maintenance factor is created when General Fund revenue growth is weak relative to changes in per capita personal income. Maintenance factor is paid when General Fund revenue growth is stronger.

Higher Proposition 98 Spending in 2016-17 and 2017-18
From the June 2017 budget plan to the June 2018 budget plan, spending increased $252 million in 2016-17 and $1.1 billion in 2017-18. These upward revisions are attributable mainly to higher General Fund revenue. 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 $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.

2018-19 Spending up Notably Over Revised 2017-18 Level
For 2018-19, total Proposition 98 spending across all segments is $78.4 billion, an increase of $2.8 billion (3.7%) from the revised 2017-18 level. Test 2 is the operative test in 2018-19, with the increase in the guarantee attributable to a 3.67% increase in per capita personal income. Though the administration projects a 0.29% decline in student attendance for 2018-19, the budget makes no downward adjustment to the minimum guarantee. This is because the budget assumes that attendance *increases* the previous year (in 2017-18), thereby triggering a hold harmless provision in the State Constitution that negates any attendance declines over the subsequent two years. The budget sets total Proposition 98 spending in 2018-19 equal to the administration's May Revision estimate of the minimum guarantee.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

The 2018-19 State Budget (continued)

$67.9 Billion Proposition 98 Spending on K-12 Education in 2018-19
The enacted 2018-19 level is $2.4 billion (3.6%) more than the revised 2017-18 level and $3.2 billion (4.9%) more than the *2017-18 Budget Act* level. The budget increases spending per student by $579 (5.2%) over the *2017-18 Budget Act* level, bringing Proposition 98 spending per student up to $11,645.

Package Includes Mix of Ongoing and One-Time Spending
The budget includes $5.7 billion in Proposition 98 augmentations for K-12 education across the three-year budget period. Of the $5.7 billion, $4 billion (70%) is ongoing and $1.7 billion (30%) is one time. From an accounting perspective, the increase is scored across multiple fiscal years and includes settle-up and some unspent funds from prior years that have been repurposed. In addition to the Proposition 98 increase, the budget includes $594 million in Proposition 51 bond authority for school facility projects and $100 million in non-Proposition 98 funding for kindergarten school facilities.

Fully Implements the Local Control Funding Formula (LCFF) for Schools, Then Further Increases Rates
In the January budget, the Governor proposed fully implementing LCFF and reaching the target funding rates. The final budget reaches and then goes beyond full implementation. Specifically, the budget closes the gap to the target rates and funds the statutory 2.71% cost-of-living adjustment (COLA) to those rates. In addition, the budget provides nearly an extra 1 percentage point increase in the LCFF rates—effectively funding a 3.7% COLA in 2018-19. The administration estimates that the combined ongoing cost of both full implementation and the augmented COLA is $3.7 billion. This augmentation brings total LCFF spending for school districts and charter schools to $61.1 billion, a 6.4% increase over the revised 2017-18 level. School districts and charter schools may use LCFF monies for any educational purpose.

Funds One-Time Discretionary Grants
The largest one-time spending initiative for K-12 education is $1.1 billion that local education agencies (LEAs) may use for any educational purpose. Funding is distributed based on student attendance (an estimated $183 per average daily attendance). If an LEA owes any funding to the federal government according to a 2014 settlement over Medi-Cal billing practices, the State Controller is to deduct this obligation from the LEA's discretionary grant. The budget assumes that these Medi-Cal obligations total $145 million statewide (though the administration believes actual payments likely will come in lower). The remainder of each LEA's discretionary grant will be scored against any outstanding mandate claims. As less than one-third of LEAs have any such claims, it is estimated that only $202 million of the funding provided will count toward the K-12 mandates backlog. It is estimated that the total remaining mandate backlog at the end of 2018-19 will be $668 million.

All of these factors were considered in preparing the Hueneme Elementary School District budget for the 2018-19 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Dannielle Brook
Assistant Superintendent, Business Services
Hueneme Elementary School District
205 N. Ventura Road
Port Hueneme, CA 93041
(805) 488-3588

HUENEME ELEMENTARY SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Total Governmental Activities
ASSETS	
Cash	$ 23,578,173
Accounts receivable	3,707,955
Inventories	104,030
Capital assets:	
Non-depreciable capital assets	2,346,296
Depreciable capital assets	83,911,317
Less accumulated depreciation	(40,249,644)
Total assets	73,398,127
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	716,618
Deferred outflows related to pensions	36,189,726
Total deferred outflows of resources	36,906,344
LIABILITIES	
Accounts payable	7,615,312
Unearned revenue	562,633
Long-term liabilities:	
Due within one year	2,101,507
Due after one year	62,147,678
Net pension liability	98,288,266
Total liabilities	170,715,396
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	3,644,779
NET POSITION	
Net investment in capital assets	11,349,037
Restricted for:	
Capital projects	39,181
Debt service	3,208,357
Categorical programs	2,645,781
Unrestricted	(81,298,060)
Total net position	$ (64,055,704)

HUENEME ELEMENTARY SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instructional Services:				
Instruction	$ 65,072,751	$ -	$ 7,674,961	$ (57,397,790)
Instruction-Related Services:				
Supervision of instruction	3,742,216	-	808,456	(2,933,760)
Instructional library, media and technology	1,237,174	-	279,805	(957,369)
School site administration	6,870,188	-	165,915	(6,704,273)
Pupil Support Services:				
Home-to-school transportation	1,091,405	-	48,408	(1,042,997)
Food services	5,347,307	116,632	4,625,423	(605,252)
All other pupil services	4,833,852	-	867,443	(3,966,409)
General Administration Services:				
Data processing services	413,243	-	-	(413,243)
Other general administration	4,463,929	4,760	2,323,067	(2,136,102)
Plant services	9,050,788	19,061	947,641	(8,084,086)
Community services	640,880	-	603,788	(37,092)
Interest on long-term debt	1,082,857	-	-	(1,082,857)
Other outgo	3,721,667	-	-	(3,721,667)
Depreciation (unallocated)	3,165,030	-	-	(3,165,030)
Total Governmental Activities	$ 110,733,287	$ 140,453	$ 18,344,907	(92,247,927)

General Revenues:	
Property taxes	11,331,419
Federal and state aid not restricted to specific purpose	75,449,275
Interest and investment earnings	250,470
Miscellaneous	1,986,236
Total general revenues	89,017,400
Change in net position	(3,230,527)
Net position - July 1, 2017, as originally stated	(48,748,312)
Restatement - change in accounting principle	(12,076,865)
Net position- July 1, 2017, as restated	(60,825,177)
Net position - June 30, 2018	$ (64,055,704)

HUENEME ELEMENTARY SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$ 15,652,247	$ 4,242,603	$ 3,198,495	$ 484,828	$ 23,578,173
Accounts receivable	2,596,036	16,598	9,862	1,085,459	3,707,955
Due from other funds	189,327	-	-	19,658	208,985
Inventories	80,968	-	-	23,062	104,030
Total Assets	$ 18,518,578	$ 4,259,201	$ 3,208,357	$ 1,613,007	$ 27,599,143
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 6,927,885	$ 15,317	$ -	$ 171,120	$ 7,114,322
Due to other funds	19,658	-	-	189,327	208,985
Unearned revenue	562,633	-	-	-	562,633
Total Liabilities	7,510,176	15,317	-	360,447	7,885,940
Fund Balances					
Nonspendable	91,968	-	-	23,062	115,030
Restricted	1,432,402	4,243,884	3,208,357	1,229,498	10,114,141
Assigned	6,571,287	-	-	-	6,571,287
Unassigned	2,912,745	-	-	-	2,912,745
Total Fund Balances	11,008,402	4,243,884	3,208,357	1,252,560	19,713,203
Total Liabilities and Fund Balances	$ 18,518,578	$ 4,259,201	$ 3,208,357	$ 1,613,007	$ 27,599,143

HUENEME ELEMENTARY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - governmental funds		$ 19,713,203
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 at historical cost:	86,257,613	
Accumulated depreciation:	(40,249,644)	
Net:		46,007,969
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:		(500,990)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:		716,618
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 of resources and inflows of resources relating to pensions are reported as follows:		
Deferred outflows of resources relating to pensions	36,189,726	
Deferred inflows of resources relating to pensions	(3,644,779)	
Total		32,544,947
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:		
General obligation bonds payable	40,831,760	
Compensated absences payable	477,213	
Other postemployment benefits payable	22,940,212	
Total		(64,249,185)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.		(98,288,266)
Total net position - governmental activities		$ (64,055,704)

HUENEME ELEMENTARY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2018

REVENUES	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
LCFF sources	$ 80,310,789	$ -	$ -	$ -	$ 80,310,789
Federal sources	4,123,536	-	-	5,100,796	9,224,332
Other state sources	10,475,781	-	23,886	380,075	10,879,742
Other local sources	6,805,321	47,710	2,936,545	175,156	9,964,732
Total Revenues	101,715,427	47,710	2,960,431	5,656,027	110,379,595
EXPENDITURES					
Current:					
Instructional Services:					
Instruction	65,572,431	-	-	-	65,572,431
Instruction-Related Services:					
Supervision of instruction	3,789,882	-	-	-	3,789,882
Instructional library, media and technology	1,092,243	-	-	-	1,092,243
School site administration	6,560,873	-	-	-	6,560,873
Pupil Support Services:					
Home-to-school transportation	982,822	-	-	-	982,822
Food services	23,793	-	-	5,025,065	5,048,858
All other pupil services	4,785,077	-	-	-	4,785,077
General Administration Services:					
Data processing services	413,243	-	-	-	413,243
Other general administration	4,230,934	-	-	-	4,230,934
Plant services	8,402,087	-	-	65,317	8,467,404
Community services	611,058	-	-	-	611,058
Transfers of indirect costs	(189,327)	-	-	189,327	-
Capital Outlay	801,011	575,746	-	712,109	2,088,866
Intergovernmental Transfers	3,720,237	-	-	-	3,720,237
Debt Service:					
Principal	-	-	1,218,168	-	1,218,168
Interest	-	-	1,470,314	-	1,470,314
Total Expenditures	100,796,364	575,746	2,688,482	5,991,818	110,052,410
Excess (Deficiency) of Revenues Over (Under) Expenditures	919,063	(528,036)	271,949	(335,791)	327,185
OTHER FINANCING SOURCES (USES)					
All other financing sources	-	-	16,285	-	16,285
All other financing uses	-	-	(1,430)	-	(1,430)
Total Other Financing Sources and Uses	-	-	14,855	-	14,855
Net Change in Fund Balances	919,063	(528,036)	286,804	(335,791)	342,040
Fund Balances, July 1, 2017	10,089,339	4,771,920	2,921,553	1,588,351	19,371,163
Fund Balances, June 30, 2018	$ 11,008,402	$ 4,243,884	$ 3,208,357	$ 1,252,560	$ 19,713,203

HUENEME ELEMENTARY SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds		$ 342,040
Amounts reported for governmental activities in the statement of activities are different because:		
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, the cost of capital assets are allocated over their estimated useful life as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	2,255,233	
Depreciation expense:	(3,165,030)	
Net:		(909,797)
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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,218,168
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.		1,735
In governmental funds, if debt is issued at a premium or 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 as interest over the life of the debt. Ammortization of premiums for the period is:		136,506
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities, these amounts are amortized over the life of the refunded debt. The difference between current year charges and the current year amortization is:		(59,718)
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 that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:		308,936
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis costs and actual employer contributions was:		(3,320,396)
In governmental funds, compensated absences are measured by the amount paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and earned was:		47,069
In governmental funds, OPEB expenses are recognized when employer 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:		(995,070)
Change in net position of governmental activities		$ (3,230,527)

	Agency Funds Student Body Funds
Assets	
Cash	$ 126,888
Total Assets	$ 126,888
Liabilities	
Accounts payable	$ 19,899
Use Tax payable	299
Due to student groups	106,690
Total Liabilities	$ 126,888

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hueneme Elementary School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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 Hueneme Elementary School District, this includes general operations, food service, and student related activities of the District.

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 identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. 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 revenues, and other nonexchange transactions.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds
The District maintains the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds and the sale of property.

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, general obligation bonds issued by the District.

Non-Major Governmental Funds

Special Revenue Funds:

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Associated Student Body Fund: This Fund is used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The District operates three Associated Student Body funds.

2. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

4. 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, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

1. Cash and Cash Equivalents
The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories
Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Prepaid Expenses/Expenditures
Payments made to vendors for goods or services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which goods or services are consumed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets
Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Description	Estimated Lives
Buildings and improvements	20-50 years
Furniture and equipment	5-10 years

5. 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 combined 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.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Compensated Absences
The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

8. Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hueneme Elementary School District Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

10. Fund Balances
The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Fund Balances (continued)

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

11. Net Position
Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted -** This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

F. Minimum Fund Balance Policy
The District does not have a written minimum fund balance policy. To protect against revenue shortfalls and unexpected one-time expenditures, the District has maintained a reserve for economic uncertainties consisting of unassigned amounts equivalent to 3% of budgeted General Fund expenditures and other financing uses. These amounts represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the State Board of Education.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncements

During the 2017-18 fiscal year, the following GASB Pronouncements became effective:

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

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

2. In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

3. In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement 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]). Specifically, this Statement addresses the following topics:

    - Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
    - Reporting amounts previously reported as goodwill and "negative" goodwill
    - Classifying real estate held by insurance entities
    - Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
    - Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
    - Recognizing on-behalf payments for pensions or OPEB in employer financial statements
    - Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
    - Classifying employer-paid member contributions for OPEB
    - Simplifying certain aspects of the alternative measurement method for OPEB
    - Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

4. In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

NOTE 2 – CASH

Cash at June 30, 2018, is reported at fair value and consisted of the following:

	Governmental Activities/ Funds	Fiduciary Funds
Pooled Funds:		
Cash in county treasury	$ 23,567,173	$ 126,588
Deposits:		
Cash on hand and in banks	-	300
Cash in revolving fund	11,000	-
Total Deposits	11,000	300
Total Cash	$ 23,578,173	$ 126,888

Pooled Funds
In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2018, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public 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, none of the District's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

NOTE 2 – CASH (continued)

Fair Value Measurements
The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 date if reasonably 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 Ventura 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.

NOTE 3 – ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Totals
Federal Government:					
Categorical aid programs	$ 1,762,199	$ -	$ -	$ 1,002,228	$ 2,764,427
State Government:					
Child Nutrition	-	-	-	79,291	79,291
Lottery	296,249	-	-	-	296,249
Categorical aid programs	129,165	-	-	-	129,165
Local:					
Interest	68,590	16,598	9,862	1,854	96,904
Miscellaneous	339,833	-	-	2,086	341,919
Total	$ 2,596,036	$ 16,598	$ 9,862	$ 1,085,459	$ 3,707,955

NOTE 4 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds

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

Due to the General Fund from the Cafeteria Fund for cash contribution and indirect costs	$	189,327
Due to the Cafeteria Fund from the General Fund for Cooking Club support, payroll and bank fees		19,658
	$	208,985

NOTE 5 – FUND BALANCES

At June 30, 2018, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 11,000	$ -	$ -	$ -	$ 11,000
Stores inventories	80,968	-	-	23,062	104,030
Total Nonspendable	91,968	-	-	23,062	115,030
Restricted:					
Categorical programs	1,432,402	-	-	1,190,317	2,622,719
Capital projects	-	4,243,884	-	39,181	4,283,065
Debt service	-	-	3,208,357	-	3,208,357
Total Restricted	1,432,402	4,243,884	3,208,357	1,229,498	10,114,141
Assigned:					
Instruction, Facilities, Tech Programs	6,571,287	-	-	-	6,571,287
Total Assigned	6,571,287	-	-	-	6,571,287
Unassigned:					
Remaining unassigned balances	2,912,745	-	-	-	2,912,745
Total Unassigned	2,912,745	-	-	-	2,912,745
Total	$ 11,008,402	$ 4,243,884	$ 3,208,357	$ 1,252,560	$ 19,713,203

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2017	Additions	Retirements	Balance, June 30, 2018
Capital assets not being depreciated:				
Land	$ 1,219,959	$ -	$ -	$ 1,219,959
Construction in progress	1,073,427	949,701	896,791	1,126,337
Total capital assets not being depreciated	2,293,386	949,701	896,791	2,346,296
Capital assets being depreciated:				
Improvement of sites	9,846,715	32,843	-	9,879,558
Buildings	68,599,012	2,043,576	-	70,642,588
Equipment	3,375,790	125,904	112,523	3,389,171
Total capital assets being depreciated	81,821,517	2,202,323	112,523	83,911,317
Accumulated depreciation for:				
Improvement of sites	(3,702,573)	(490,489)	-	(4,193,062)
Buildings	(30,993,990)	(2,501,168)	-	(33,495,158)
Equipment	(2,500,574)	(173,373)	(112,523)	(2,561,424)
Total accumulated depreciation	(37,197,137)	(3,165,030)	(112,523)	(40,249,644)
Total capital assets being depreciated, net	44,624,380	(962,707)	-	43,661,673
Governmental activity capital assets, net	$ 46,917,766	$ (13,006)	$ 896,791	$ 46,007,969

NOTE 7 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the fiscal year ended June 30, 2018, were as follows:

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 36,205,270	$ -	$ 1,218,168	$ 34,987,102	$ 1,550,333
Accreted Interest	3,888,536	390,098	391,833	3,886,801	414,667
Unamortized Issuance Premium	2,094,363	-	136,506	1,957,857	136,507
Total - G.O. Bonds	42,188,169	390,098	1,746,507	40,831,760	2,101,507
Compensated Absences	524,282	-	47,069	477,213	-
Other Postemployment Benefits*	21,945,142	1,852,207	857,137	22,940,212	-
TOTALS	$ 64,657,593	$ 2,242,305	$ 2,650,713	$ 64,249,185	$ 2,101,507

** Beginning balance of OPEB has been restated to reflect the implementation of GASB Statement No.75.*

The early retirement program, postemployment healthcare benefits, and compensated absences are liquidated by the funds recording the associated salary expense. The general obligation bonds are liquidated through property tax collections as administered by the County through the Bond Interest and Redemption Fund.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

General Obligation Bonds

Election of 1997
On March 4, 1997, the voters of the District approved a measure authorizing the District to issue up to $4.7 million of general obligation bonds for the purpose of renovating and modernizing school facilities.

Election of 2000
On June 6, 2000, the voters of the District approved a measure authorizing the District to issue up to $6.95 million of general obligation bonds for the purpose of repairing, renovating and modernizing three elementary schools and two junior high schools.

Election of 2004
On November 2, 2004, the voters of the District approved a measure by a 74% affirmative vote authorizing the District to issue up to $17.1 million of general obligation bonds for the purpose of repairing, renovating and modernizing three elementary schools and two junior high schools and to improve pedestrian safety in school parking lots.

Election of 2012 (Measure T)
On November 6, 2012, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to $19.6 million of general obligation bonds. The Bonds were issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Bonds, and to pay certain costs of issuing the Bonds.

Election of 2018 (Measure B)
On June 5, 2018, the voters of the District approved a measure by more than a 55% affirmative vote authorizing the District to issue up to $34.2 million of general obligation bonds. The Bonds will be issued to improve the quality of education; upgrade, modernize, and construct classrooms, restrooms and school facilities; repair or replace leaky roofs; renovate plumbing, sewer, and build new classrooms. No bonds have been issued under this authorization as of June 30, 2018.

Prior-Year Defeasance of Debt
In prior years, the District defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, none of the defeased debt remains outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2018, deferred amounts on refunding were $716,618.

NOTE 7 – GENERAL LONG-TERM DEBT (continued)

General Obligation Bonds (continued)

A summary of all bond issued and outstanding at June 30, 2018 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2017	Issuances	Redemptions	Balance, June 30, 2018
Election of 1997								
Series A	6/18/1998	6/1/2023	4.40% - 5.40%	$ 2,085,011	$ 398,218	$ -	$ 64,369	$ 333,849
Series B	5/6/1999	5/1/2024	4.20% - 5.20%	2,611,156	588,512	-	84,572	503,940
Election of 2000								
Series B	6/18/2002	6/1/2027	4.00% - 5.73%	3,563,545	1,138,545	-	129,228	1,009,317
Election of 2004								
Series B	8/9/2007	8/1/2032	4.00% - 6.859%	7,599,996	1,669,995	-	199,999	1,469,996
Election of 2012								
Series A	5/6/2013	8/1/2037	3.00% - 5.00%	4,000,000	1,925,000	-	25,000	1,900,000
Series B	2/3/2015	8/1/2039	2.00% - 5.00%	11,000,000	10,960,000	-	100,000	10,860,000
Series C	6/28/2017	8/1/2029	2.00% - 4.00%	4,600,000	4,600,000	-	-	4,600,000
Refunding Bonds								
2011 Ref.	10/11/2011	8/1/2025	2.00% - 5.00%	3,980,000	2,025,000	-	170,000	1,855,000
2014 Ref.	5/2/2014	8/1/2029	3.25%	8,700,000	8,225,000	-	355,000	7,870,000
2017 Ref.	6/28/2017	8/1/2029	2.00% - 4.00%	4,675,000	4,675,000	-	90,000	4,585,000
					$ 36,205,270	$ -	$ 1,218,168	$ 34,987,102
			Accreted Interest:					
			Election of 1997, Ser. A		$ 671,905	$ 52,310	$ 110,632	$ 613,583
			Election of 1997, Ser. B		865,871	70,691	125,429	811,133
			Election of 2000, Ser. B		1,402,774	135,710	155,772	1,382,712
			Election of 2004, Ser. B		947,985	131,388	-	1,079,373
					$ 3,888,535	$ 390,099	$ 391,833	$ 3,886,801

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Totals
2018-2019	$ 1,550,333	$ 1,598,679	$ 3,149,012
2019-2020	1,673,358	1,584,455	3,257,813
2020-2021	1,663,147	1,558,991	3,222,138
2021-2022	1,792,310	1,525,646	3,317,956
2022-2023	1,987,718	1,625,914	3,613,632
2023-2028	11,075,240	5,331,209	16,406,449
2028-2033	8,349,996	5,766,179	14,116,175
2033-2038	4,510,000	1,131,950	5,641,950
2038-2040	2,385,000	121,625	2,506,625
	$ 34,987,102	$ 20,244,648	$ 55,231,750

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Commitments
As of June 30, 2018, the District had commitments with respect to unfinished capital projects of approximately $700,000.

C. Litigation
The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2018.

NOTE 9 – RISK MANAGEMENT

The District participates in two joint powers agreement (JPA) entities, the Ventura County Schools' Self-Funding Authority (VCSSFA) and Gold Coast Joint Benefits Trust (GCJBT).

VCSSFA provided workers' compensation, property and liability coverage for its member school district though a varying combination of self-insurance and excess overage. The District pays a premium commensurate with the level of coverage requested.

GCJBT arranges for health and welfare benefits for employees and retirees of participating school districts and their eligible dependents. Member districts pay a monthly premium per eligible participant.

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

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

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

NOTE 9 – RISK MANAGEMENT (continued)

Condensed financial information is as follows:

	Ventura County Schools Self-Funding Authority June 30, 2017	Gold Coast Joint Benefits Trust June 30, 2017
Assets	$ 114,051,674	$ 77,529,369
Liabilities	51,460,307	46,662,107
Net Position	$ 62,591,367	$ 30,867,262
Revenues	$ 26,663,117	$ 3,482,127
Expenses	19,190,998	22,113,345
Operating Income	7,472,119	(18,631,218)
Non-Operating Income	854,400	24,057,639
Change in Net Position	$ 8,326,519	$ 5,426,421

NOTE 10 – PENSION PLANS

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

For the fiscal year ended June 30, 2018, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 77,012,630	$ 28,751,520	$ 3,394,285	$ 8,557,869
CalPERS	21,275,636	7,438,206	250,494	3,861,582
Total	$ 98,288,266	$ 36,189,726	$ 3,644,779	$ 12,419,451

The details of each plan are as follows:

NOTE 10 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided
The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Employee Contribution Rate	10.25%	9.205%
Required Employer Contribution Rate	14.43%	14.43%
Required State Contribution Rate	9.328%	9.328%

NOTE 10 – PENSION PLANS (continued)

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

Contributions
Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the District's total contributions were $6,462,392.

Pension Liabilities, Pension Expenses, 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:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	77,012,630
State's proportionate share of the net pension liability associated with the District		17,985,423
Total	$	94,998,053

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	**Fiscal Year Ending June 30, 2017**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.083275%	0.082000%	0.001275%

NOTE 10 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expenses, 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 $8,557,869. In addition, the District recognized pension expense and revenue of $811,887 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
Pension contributions subsequent to measurement date	$ 6,462,392	$ -
Net change in proportionate share of net pension liability	7,736,839	-
Difference between projected and actual earnings on pension plan investments	-	2,051,061
Changes of assumptions	14,267,489	-
Differences between expected and actual experience in the measurement of the total pension liability	284,800	1,343,224
Total	$ 28,751,520	$ 3,394,285

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

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/(Inflows) of Resources
2019	$ 1,912,230
2020	4,907,628
2021	3,803,403
2022	1,794,812
2023	3,772,591
Thereafter	2,703,346
Total	$ 18,894,010

NOTE 10 – PENSION PLANS (continued)

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

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.1%
Consumer Price of Inflation	2.75%
Wage Growth	3.5%

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (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%

NOTE 10 – PENSION PLANS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.1%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.1%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 113,078,990
Current discount rate (7.10%)	77,012,630
1% increase (8.10%)	47,742,334

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $3,705,007 (9.328% of annual payroll). Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures. On behalf payments have not been included in the budgeted amounts reported in the General Fund - Budgetary Comparison Schedule.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

NOTE 10 – PENSION PLANS (continued)

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1%-2.5%	1.0%-2.5%
Required Employee Contribution Rate	7.00%	6.00%
Required Employer Contribution Rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018, are presented above and the total District contributions were $1,833,775.

NOTE 10 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $21,275,636. The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2018	**Fiscal Year Ending June 30, 2017**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2017	June 30, 2016	
Proportion of the Net Pension Liability	0.089121%	0.088300%	0.000821%

For the year ended June 30, 2018, the District recognized pension expense of $3,861,582. 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
Pension contributions subsequent to measurement date	$ 1,833,775	$ -
Net change in proportionate share of net pension liability	998,580	-
Difference between projected and actual earnings on pension plan investments	735,991	-
Changes of assumptions	3,107,641	250,494
Differences between expected and actual experience in the measurement of the total pension liability	762,219	-
Total	$ 7,438,206	$ 250,494

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4 years.

NOTE 10 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
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/(Inflows) of Resources
2019	$ 1,432,511
2020	2,517,262
2021	1,773,454
2022	(369,290)
2023	-
Thereafter	-
Total	$ 5,353,937

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ 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 administration expenses.

NOTE 10 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	47%	5.38%
Fixed Income	19%	2.27%
Inflation Assests	6%	1.39%
Private Equity	12%	6.63%
Real Estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 31,303,279
Current discount rate (7.15%)	21,275,636
1% increase (8.15%)	12,956,867

C. Social Security
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2018, the District reported payables of $79,321 and $99,373 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2018.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan description
The District offers medical and prescription drug benefits to its employees and retirees through Gold Coast Joint Benefits Trust. Dental and vision coverages are also offered through Gold Coast. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided
The postretirement health plans and the District's obligation vary by employee group as described below.

Certificated, Classified, Certificated Management, Classified Management, and Confidential employees who have attained age 55 and completed at least 15 years of continuous service with the District immediately prior to retirement are eligible to receive District-paid medical and prescription drug coverage for the retiree and eligible dependents up to a District cap, which was $1,214 per month in 2017-18. Retirees may elect dental and vision coverage and are responsible for the full cost of premiums for those coverages, if elected. Classified employees who are less than 50% full-time do not earn eligibility for District-paid retiree health benefits. District-paid benefits end at age 65.

Employees covered by benefit terms
At June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Active employees	673
Total	722

Medicare Premium Payment (MPP) Program
The Medicare Premium Payment Program is a cost-sharing multiple-employer other postemployment benefit plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program, through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis.

B. Total OPEB Liability

The District's total OPEB liability of $22,382,607 for the District Plan was based on an actuarial valuation as of July 1, 2016 and a measurement date of June 30, 2018. The District's proportionate share of the net MPP Program OPEB liability of $557,605 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

B. Total OPEB Liability (continued)

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	District Plan	MPP Program
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	N/A	July 1, 2010, through June 30, 2015
Inflation	2.25%	N/A
Salary increases	3.0%, average, including inflation	N/A
Healthcare cost trend rates	8.0% for 2017-18, decreasing to 5.0% for 2020-21 and after	3.58 percent
Retirees' share of benefit-related costs	District assumed to pay full composite medical premium for all future years.	3.7 percent for Medicare Part A, and 4.1 percent for Medicare Part B

District Plan
The discount rate used was 3.60%, net of investment expense, including inflation, and was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

MPP Program
The discount rate used to measure the total OPEB liability was 3.58 percent. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017, was applied to all periods of projected benefit payments to measure the total OPEB liability.

CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	$ 21,324,829
Changes for the year:	
Service cost	1,043,926
Interest	791,281
Benefit payments	(777,429)
Net changes	1,057,778
Balance at June 30, 2018	22,382,607
District's Proportionate Share of the Net MPP OPEB Liability	557,605
District's Total Reported Net OPEB Liability	$ 22,940,212

Sensitivity of the total OPEB liability to changes in the discount rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.60%	Discount Rate 3.60%	1% Increase 4.60%
District Plan	$ 24,159,351	$ 22,382,607	$ 20,719,546

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
MPP Program	$ 617,307	$ 557,605	$ 499,531

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
District Plan	$ 19,773,545	$ 22,382,607	$ 25,434,403

	1% Decrease (2.7% Part A and 3.1% Part B)	Medicare Cost Trend Rates (3.7% Part A and 4.1% Part B)	1% Increase (4.7% Part A and 5.1% Part B)
MPP Program	$ 503,881	$ 557,605	$ 610,792

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of $995,070. At June 30, 2018, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Required Supplementary Information

(This page intentionally left blank)

HUENEME ELEMENTARY SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund

For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 80,444,877	$ 81,445,803	$ 80,310,789	$ (1,135,014)
Federal Sources	4,109,981	5,096,491	4,123,536	(972,955)
Other State Sources	2,974,127	5,438,911	6,770,908	1,331,997
Other Local Sources	6,097,007	6,897,296	6,805,321	(91,975)
Total Revenues	93,625,992	98,878,501	98,010,554	(867,947)
Expenditures				
Current:				
Certificated Salaries	45,225,416	46,533,212	45,928,488	604,724
Classified Salaries	11,738,383	12,455,229	12,665,473	(210,244)
Employee Benefits	21,150,951	21,824,847	21,629,268	195,579
Books and Supplies	5,370,985	7,217,422	4,221,966	2,995,456
Services and Other Operating Expenditures	6,894,066	9,252,966	8,198,102	1,054,864
Transfers of indirect costs	(198,036)	(198,036)	(198,036)	-
Capital Outlay	-	279,231	917,284	(638,053)
Intergovernmental	2,960,000	2,761,727	3,728,946	(967,219)
Total Expenditures	93,141,765	100,126,598	97,091,491	3,035,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	484,227	(1,248,097)	919,063	2,167,160
Fund Balances, July 1, 2017	10,089,339	10,089,342	10,089,339	-
Fund Balances, June 30, 2018	$ 10,573,566	$ 8,841,245	$ 11,008,402	$ 2,167,160

The actual amounts reported in this schedule do not include $3,704,873 recorded as State revenue and employee benefits expenditures for the STRS On-Behalf contribution described in Note 10.

HUENEME ELEMENTARY SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2017	2016	2015	2014
CalSTRS				
District's proportion of the net pension liability	0.0833%	0.0820%	0.0820%	0.0690%
District's proportionate share of the net pension liability	$ 77,012,630	$ 66,322,420	$ 55,205,680	$ 40,321,530
State's proportionate share of the net pension liability associated with the District	17,985,423	37,761,729	29,197,641	24,348,125
Totals	$ 94,998,053	$ 104,084,149	$ 84,403,321	$ 64,669,655
District's covered-employee payroll	$ 43,985,429	$ 41,878,000	$ 37,390,000	$ 34,189,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	175.09%	158.37%	147.65%	117.94%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
CalPERS				
District's proportion of the net pension liability	0.0891%	0.0883%	0.0805%	0.0779%
District's proportionate share of the net pension liability	$ 21,275,636	$ 17,439,305	$ 11,865,779	$ 8,843,547
District's covered-employee payroll	$ 11,401,447	$ 10,597,000	$ 8,974,000	$ 8,177,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.60%	164.57%	132.22%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Notes to Schedule:

Changes in Benefit Terms

A summary of the plan provisions that were used for a specific plan can be found in each plan's annual valuation report.

Change of Assumptions and Methods

CalSTRS:

The assumptions used in determining the Total Pension Liability of the STRP changed as a result of the actuarial experience study for the period starting July 1, 2010 and ending June 30, 2015. The assumption changes were to price inflation, wage growth, discount rate and the mortality tables

CalPERS:

In Fiscal Year 2016-17, the financial reporting discount rate for the PERF B was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF B from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2017, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In Fiscal Year 2014-15, the financial reporting discount rate was increased from 7.50 percent to 7.65 percent resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50 percent during this period, and remained adjusted for administrative expenses.

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

HUENEME ELEMENTARY SCHOOL DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2018

Last Ten Fiscal Years*

	2018	2017	2016	2015
CalSTRS				
Contractually required contribution	$ 6,462,392	$ 5,533,367	$ 4,493,597	$ 3,320,260
Contributions in relation to the contractually required contribution	6,462,392	5,533,367	4,493,597	3,320,260
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 44,784,420	$ 43,985,429	$ 41,878,000	$ 37,390,000
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS				
Contractually required contribution	$ 1,833,775	$ 1,583,433	$ 1,255,444	$ 1,056,313
Contributions in relation to the contractually required contribution	1,833,775	1,583,433	1,255,444	1,056,313
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 11,807,192	$ 11,401,447	$ 10,597,000	$ 8,974,000
Contributions as a percentage of covered-employee payroll	15.531%	13.888%	11.847%	11.771%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

HUENEME ELEMENTARY SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2018

Last 10 Fiscal Years*

	2017
Total OPEB liability	
Service cost	$ 1,043,926
Interest	791,281
Benefit payments	(777,429)
Net change in total OPEB liability	1,057,778
Total OPEB liability - beginning	21,324,829
Total OPEB liability - ending	$ 22,382,607
Covered-employee payroll	$ 58,884,316
Total OPEB liability as a percentage of covered-employee payroll	38.01%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

HUENEME ELEMENTARY SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios – MPP Program
For the Fiscal Year Ended June 30, 2018

(Dollars in Thousands, except for District's proportionate share)

	2017
Total OPEB liability	
Interest	$ 12,928
Differences between expected and actual experience	(41)
Changes of assumptions	(31,240)
Benefit payments, including refunds of member contributions	(28,929)
Net change in total OPEB liability	(47,282)
Total OPEB liability - beginning	468,031
Total OPEB liability - ending	$ 420,749
Plan fiduciary net position	
Contributions - employer	$ 29,117
Net investment income	11
Premiums paid	(28,929)
Administrative expense	(168)
Net change in plan fiduciary net position	31
Plan fiduciary net position - beginning	10
Plan fiduciary net position - ending	$ 41
Net OPEB liability	$ 420,708
District's proportionate share of net OPEB liability	$ 557,605
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Covered-employee payroll	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule:

As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

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 Proportionate Share of the Net Pension Liability
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions
This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information of the measurement date of the net OPEB liability.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2018, the District incurred the following excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule:

Classified Salaries	$	210,244
Capital Outlay		638,053
Intergovernmental		967,219

Supplementary Information

(This page intentionally left blank)

The Hueneme Elementary School District was established in 1873 and consists of an area comprising approximately eight square miles. The Districts operates nine elementary schools and two junior high schools. There were no boundary changes during the year.

BOARD OF EDUCATION

Member	Office	Term Expires
Scott E. Swenson	President	December 2018
Dr. Charles Weis	Clerk	December 2018
Darlene A. Bruno	Member	December 2020
Bexy I. Gomez	Member	December 2018
Vianey Lopez	Member	December 2020

DISTRICT ADMINISTRATORS

Dr. Christine Walker,
Superintendent

Dr. Carlos Dominguez,
Assistant Superintendent, Human Resources

Helen Cosgrove,
Assistant Superintendent, Educational Resources

Dannielle Brook,
Assistant Superintendent, Business Services

HUENEME ELEMENTARY SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2018

	Second Period Report Certificate No. (92E0C09C)	Annual Report Certificate No. (6FD196FE)
Regular ADA & Extended Year:		
Transitional Kindergarten through Third	3,674.33	3,671.77
Fourth through Sixth	2,778.60	2,769.82
Seventh through Eighth	1,678.67	1,672.38
Total Regular ADA	8,131.60	8,113.97
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	1.06	1.11
Total ADA	8,132.66	8,115.08

HUENEME ELEMENTARY SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2018

Grade Level	Required Minutes	2017-18 Actual Minutes	Number of Days Traditional Calendar*	Status
Kindergarten	36,000	36,079	173	Complied
Grade 1	50,400	48,690	173	Complied
Grade 2	50,400	48,690	173	Complied
Grade 3	50,400	48,690	173	Complied
Grade 4	54,000	52,050	173	Complied
Grade 5	54,000	52,050	173	Complied
Grade 6	54,000	53,375	173	Complied
Grade 7	54,000	53,375	173	Complied
Grade 8	54,000	53,375	173	Complied

*The District had emergency closures on December 5 through 8 and 13 through 15, 2017; the CDE granted the District a waiver pursuant to California Education Code sections 46200, 46201, 46207, and/or 46208.

HUENEME ELEMENTARY SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

For the Fiscal Year Ended June 30, 2018

General Fund	(Budget) 2019 [2]	2018	2017	2016
Revenues and other financing sources	$ 102,321,373	$ 98,010,554	$ 92,813,854	$ 91,204,071
Expenditures	99,653,057	97,091,491	96,319,700	87,214,842
Change in fund balance (deficit)	2,668,316	919,063	(3,505,846)	3,989,229
Ending fund balance	$ 13,676,718	$ 11,008,402	$ 10,089,339	$ 13,595,185
Available reserves [1]	$ 5,651,563	$ 2,912,745	$ 2,889,591	$ 3,001,060
Available reserves as a percentage of total outgo	5.7%	3.0%	3.0%	3.4%
Total long-term debt	$ 160,435,945	$ 162,537,452	$ 148,419,318	$ 115,016,298
Average daily attendance at P-2	8,128	8,133	8,146	8,168

The General Fund balance has decreased by $2,586,783 over the past two years. The fiscal year 2018-19 adopted budget projects an increase of $2,668,316. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in one of the past three years, but anticipates incurring an operating surplus during the 2018-19 fiscal year. Long-term debt has increased by $47,521,154 over the past two years.

Average daily attendance has decreased by 35 over the past two years. A further decrease of 5 ADA is anticipated during fiscal year 2018-19.

[1] Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund.

[2] Revised Final Budget September, 2018

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

HUENEME ELEMENTARY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	$ 1,333,012	
National School Lunch Program	10.555	13523	3,382,098	
USDA Donated Foods	10.555	N/A	385,686	
Total Child Nutrition Cluster				$ 5,100,796
Total U.S. Department of Agriculture				5,100,796
U.S. Department of Education:				
Federal Impact Aid	84.041	N/A		243,585
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		1,165,101
Title II, Part A, English Language Acquisitions Grants	84.367	14341		311,128
Title III, Immigrant Education Program	84.365	15146	4,791	
Title III, Limited English Proficiency	84.365	14346	266,585	
Total English Language Acquisition Grants Cluster				271,376
Passed through Ventura County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Local Assistance Entitlement	84.027	13379	1,401,551	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	60,657	
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	122,838	
Total Special Education (IDEA) Cluster				1,585,046
Total U.S. Department of Education				3,576,236
U.S .Department of Health & Human Services:				
Passed through California Dept. of Education:				
Medi-Cal Billing Option	93.778	10013		320,378
Total U.S. Department of Health & Human Services				320,378
U.S. Department of Homeland Security				
Passed through Governor's Office of Emergency Services				
FEMA Public Assistance Funds	97.036	10014		9,300
Total U.S. Department of Homeland Security				9,300
Total Expenditures of Federal Awards				$ 9,006,710

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

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 Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances 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 that have not been expended by June 30, 2018.

	CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 9,224,332
Differences between Federal Revenues and Expenditures:		
Medi-Cal Administrative Activities	N/A	(210,879)
Medi-Cal Billing Option	93.778	(6,743)
Total Schedule of Expenditures of Federal Awards		$ 9,006,710

(This page intentionally left blank)

Other Independent Auditors' Reports

(This page intentionally left blank)

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

Board of Education
Hueneme Elementary School District
Port Hueneme, 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 Hueneme Elementary School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hueneme Elementary School District's basic financial statements, and have issued our report thereon dated November 29, 2018.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Hueneme Elementary School District's financial statements are free of 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
November 29, 2018

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Hueneme Elementary School District
Port Hueneme, California

Report on State Compliance
We have audited Hueneme Elementary School District's compliance with the types of compliance requirements described in the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Hueneme Elementary School District's state government programs as noted on the following page for the fiscal year ended June 30, 2018.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Hueneme Elementary School District's state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about Hueneme Elementary 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 state program. However, our audit does not provide a legal determination of Hueneme Elementary School District's compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Description	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs

In our opinion, Hueneme Elementary School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which are described in the accompanying schedule of findings and questioned costs as Findings 2018-001 and 2018-002. Our opinion on each state program is not modified with respect to these matters.

District's Responses to Findings

Hueneme Elementary School District's responses to the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Hueneme Elementary School District's responses were not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the responses.

Nigro & Nigro, PC

Murrieta, California
November 29, 2018

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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

Board of Education
Hueneme Elementary School District
Port Hueneme, California

Report on Compliance for Each Major Federal Program
We have audited Hueneme Elementary 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 Hueneme Elementary School District's major federal programs for the year ended June 30, 2018. Hueneme Elementary School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Hueneme Elementary 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 Hueneme Elementary 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 Hueneme Elementary School District's compliance.

Opinion on Each Major Federal Program
In our opinion, Hueneme Elementary 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

Report on Internal Control Over Compliance

Management of Hueneme Elementary 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 Hueneme Elementary School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Nigro & Nigro, PC

Murrieta, California
November 29, 2018

Findings and Questioned Costs

(This page intentionally left blank)

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None noted
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.027, 84.173	Special Education (IDEA) Cluster
93.778	Medicaid Cluster

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

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2017-18.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2017-18.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2018-001: CALPADS Unduplicated Pupil Counts (40000)

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (*EC* sections 2574(b)(2) and 42238.02(b)(1)).

- Divided by total enrollment in the LEA (*EC* sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the free and reduced-price meal eligible students reported in the CALPADS 1.17 and 1.18 reports, we noted one student who was reported as free or reduced priced meal eligible that did not qualify based on the income survey on file.

Context: We noted the error in one of the three schools tested.

Questioned Costs: $739. This amount was determined by using the audit penalty calculator provided by the California Department of Education.

Cause: The student was classified in error.

Effect: The unduplicated pupil counts reported in the CALPADS 1.17 and 1.18 reports should be adjusted for the following changes as a result of the procedures performed:

		Adjusted based on eligibility for:	
School Site	CALPADS Reported	FRPM	Adjusted Total
Sunkist Elementary	592	(1)	591
Aggregate of all other school sites	6,907	-	6,907
District-wide	7,499	(1)	7,498

The enrollment count of 8,429 was not impacted as a result of the procedures performed.

Recommendation: We recommend that the District update the application review process to ensure no errors exist.

View of Responsible Officials: The District will continue to review CALPADS data carefully for any status changes prior to submission to the State.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)

Finding 2018-002: Instructional Materials (70000)

Criteria: California Education Code Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. Furthermore, the District must provide 10-day notice of the public hearing. The notice must include the time, place, and purpose of the hearing and must be posted at a minimum of three public locations within the District.

Condition: The notice posted by the District did not provide the time of the public hearing regarding the sufficiency of textbooks and instructional materials nor was it posted at three separate public locations.

Context: The information was omitted on the notice of public hearing presented on September 11, 2017.

Questioned Cost: None.

Cause: The District was unaware of the time requirement for the public notice.

Effect: None.

Recommendation: We recommend that the District ensure that the notice which is posted during the 2018-19 school year adhere to the requirements for the posting of the public notice with the time, place and purpose at three public locations.

View of Responsible Officials: The District has taken measures to ensure all required elements are posted on the 2018-19 notice, as well as all notices forthcoming.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-001: Child Nutrition Cluster: Eligibility Determination	Child nutrition services serves meals to district students. Students may be classified as free, reduced, or paid based on applications submitted to the District. Income Eligibility Guidelines are based on the Federal income poverty guidelines and are stated by household size. The guidelines are used to determine eligibility for free and reduced price meals and free milk in accordance with applicable program rules. The District submits meal counts by category for reimbursement. It was noted that the annualized income calculation was incorrect on two applications. The applications included two sources of income with differing frequencies stated, and the annualized calculation included both sources of income as monthly income. This led to one application being reported as free instead of paid and one application being reported as free instead of reduced.	50000	The questioned costs noted above is a range and we recommend that the District conduct a 100% review of lunch applications to determine the actual dollar error. We also recommend that the District consider the need to submit revised SNP Claim for Reimbursements based on the outcome of their review. We further recommend that the District conduct trainings for eligibility determination and implement review procedures to ensure that eligibility determinations are accurately completed.	Implemented.
Finding 2017-002: Unduplicated Pupil Counts	Education Code section 42238.02(b)(2) requires a school district or charter school to submit its enrolled free and reduced-price meal eligibility, foster youth and English learner pupil level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students in the categories as identified above. Two students were found to be inaccurately reported. These students were reported as free for meal price eligibility in the CalPADS report and should have been classified as paid. The first instance was incorrect due to an error in the calculation to annualize the household income on the student's lunch application.	40000	The questioned costs noted above is a range and we recommend that the District conduct a 100% review of the data in CalPADS to determine the actual penalty. We further recommend that the District implement additional review procedures to ensure that errors are prevented in future CalPADS reporting.	Implemented; However, See Finding 2018-001.

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2017-002: Unduplicated Pupil Counts (continued)	The application included two sources of income with differing frequencies stated, and the annualized calculation included both sources of income as monthly income. The second instance was an application that was selected for the National School Lunch Program verification process. Through the verification process, the classification of the application was changed from free to paid; however, the classification of the student was not updated in the CalPADS report.			

(This page intentionally left blank)

NIGRO & NIGRO PC
A PROFESSIONAL ACCOUNTANCY CORPORATION

To the Board of Education
Hueneme Elementary School District
Port Hueneme, California

In planning and performing our audit of the basic financial statements of Hueneme Elementary School District for the year ending June 30, 2018, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 29, 2018 on the financial statements of Hueneme Elementary School District.

DISTRICT OFFICE

***Observation*:** During our test of payroll, the following weaknesses in internal controls were noted:

- The District maintains a position control system in Escape; however, the communication between departments regarding these functions is inconsistent.
- Changes are made to employee records in payroll without consistent documentation. The District has developed a new Personnel Request Form, but it is not being completed properly. We recommend that the District begin to use that form for documenting all changes to payroll-related data and input be made per the Personnel Request form.
- Monthly payroll could not be traced to the proper account due to a miscoding in the payroll run.
- The District recently created procedures for balancing of gross pay. However, the District has no permanent employee assigned to this job function. In addition, there is currently no review of payroll adjustments based on time sheet information. We recommend the District identify an employee to perform these critical payroll functions to help reduce the number of errors in Payroll.

***Recommendations*:** We recommend that the District utilize a new Personnel Requisition Form to facilitate communications throughout the District, as well as to document all changes made to employee's records. Additionally, we recommend the District develop and implement procedures to balance monthly payroll and ensure no clerical errors persist in district records.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
November 29, 2018

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Kevin Brejnak, CPA, CFE | Peter Glenn, CPA | Michael Klein, CPA, CMA, EA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
OAKLAND OFFICE 333 Hegenberger Road, Suite 388, Oakland, CA 94621 • P: (844) 557-3111 • F: (844) 557-3444

www.nncpas.com • Licensed by the California Board of Accountancy

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Bonds, Atkinson, Andelson, Loya, Ruud & Romo, a Professional Law Corporation, Irvine, California, Bond Counsel to the Hueneme Elementary School District, proposes to render their final approving opinion with respect to the Bonds in substantially the following form:

[Dated Date]

Board of Trustees of the
Hueneme Elementary School District
205 North Ventura Road
Port Hueneme, CA 93041-3065

Re: $12,000,000 Hueneme Elementary School District General Obligation Bonds, 2018 Election, Series A
Final Opinion

Ladies and Gentlemen:

We have acted as Bond Counsel for the Hueneme Elementary School District ("District") in connection with the proceedings for the issuance and sale by the District of $12,000,000 principal amount of Hueneme Elementary School District General Obligation Bonds, 2018 Election, Series A ("Bonds"). The Bonds are being issued pursuant to the Resolution of the Board of Education of the District, adopted on May 13, 2019 (Resolution No. B18-19-17) ("Bond Resolution") which Bond Resolution was adopted in accordance with the provisions of the California Constitution, the statutory authority set forth in Title 5, Division 2, Part 1, Chapter 3, Article 4.5 of the State of California Government Code, commencing with Section 53506 and, as applicable, the statutory authority set forth in California Education Code Sections 15264, 15266(b), and the provisions of Title 1, Division 1, Part 10, Chapters 1 and 2 of the California Education Code, commencing with Section 15100.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings in connection with the issuance of the Bonds. In this connection, we have also examined such certificates of public officials and officers of the District, the County of Ventura ("County") and the purchaser of the Bonds, including certificates as to factual matters, including, but not limited to the Tax Certificate, as we have deemed necessary to render this opinion.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District or the County, other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only matters set forth as our opinion in the Official Statement).

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their execution and delivery, and we disclaim any obligation to update this letter. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to above, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. Furthermore, we have assumed compliance with all covenants contained in the Bond Resolution, the Tax Certificate and in certain other documents, including, without limitation, covenants compliance with which is necessary to assure that future actions or events will not cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of original issuance of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect on any Bond or the interest thereon if any such change occurs or action is taken upon the advice or approval of counsel other than ourselves.

Based on the foregoing, we are of the following opinions:

1. The Bonds are valid and binding general obligations of the District.

2. All taxable property within the District is subject to *ad valorem* taxation without limitation as to rate or amount (except as to certain classes of personal property which is taxable at limited rates) to pay the Bonds. The County is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent necessary funds are not provided from other sources.

3. Interest on the Bonds (including any original issue discount properly allocable to the owner thereof) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the Bonds or to the accrual or receipt of the interest on the Bonds.

We express no opinion(s) as to any matter other than as expressly set forth above. We specifically express no opinion with regard to "Blue Sky" laws in connection with the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies, to the application of equitable principles heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to exercise of judicial discretion in appropriate cases and to limitations on legal remedies against school districts in the State of California.

Very truly yours,

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Hueneme Elementary School District (the "District") in connection with the issuance of $12,000,000 of the District's General Obligation Bonds, 2018 Election, Series A (the "Bonds"). The Bonds are being issued pursuant to a resolution of the District adopted on May 13, 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 Resolutions, 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 Sections 5(a) and (b) of this Disclosure Certificate.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, or 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 Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(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), which date would be April 1, commencing with the report for the 2018-19 Fiscal Year, provide to the Participating Underwriter and to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may 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(c).

(b) Not later than 30 days (nor more than 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 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send, in a timely manner, a notice to the 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 Repository 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.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

(i) 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.

(ii) The District's approved annual budget for the then-current fiscal year.

(iii) 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) Assessed value of taxable property in the District as shown on the most recent equalized assessment roll;

(B) If Ventura County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

(C) Top 20 property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material.

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 the Repository 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 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:

(i) principal and interest payment delinquencies.

(ii) tender offers.

(iii) defeasances.

(iv) rating changes.

(v) the issuance by the Internal Revenue Service of adverse tax opinions or proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

(vi) unscheduled draws on the debt service reserves reflecting financial difficulties.

(vii) unscheduled draws on credit enhancement reflecting financial difficulties.

(viii) substitution of the credit or liquidity providers or their failure to perform.

(ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties of the obligated person.

(x) bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(ix), 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:

(i) non-payment related defaults.

(ii) modifications to rights of Bondholders.

(iii) optional, contingent or unscheduled bond calls.

(iv) 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.

(v) release, substitution or sale of property securing repayment of the Bonds.

(vi) 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.

(vii) 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.

(viii) Incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Bondowners.

(c) Upon 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) or Section 5(b), as applicable.

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 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, 5(a) or 5(b), 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(b), 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 either 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 Underwriters, 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 attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. 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 Repository. 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 Underwriters 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 11, 2019

HUENEME ELEMENTARY SCHOOL DISTRICT

By ____________________________________

Superintendent

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: HUENEME ELEMENTARY SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds, 2018 Election, Series A

Date of Issuance: June 11, 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:_______________________

HUENEME ELEMENTARY SCHOOL DISTRICT

By ______[form only; no signature required]_________

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE DISTRICT

The District encompasses portions of the cities of Port Hueneme and Oxnard, as well as unincorporated areas of the County. The following economic data for Port Hueneme, Oxnard, and the County are presented for information purposes only, to describe the general economic health of the region. However, the Bonds are not a debt of Port Hueneme, Oxnard, or the County.

Introduction

Ventura County. Geographically, the County is situated on the southern California coast, approximately 60 miles northwest of Los Angeles, and is the twelfth most populous county in California. The County covers an area of approximately 1,843 square miles and ranks 26th in size among California's 58 counties. The County is bordered by the Pacific Ocean to the south and west, Santa Barbara County to the west, Kern County to the north, and Los Angeles County to the east. The largest cities in the County are Ventura (the county seat), Oxnard, Thousand Oaks, and Simi Valley.

The County's economy is fairly diverse and centers around electronics, computer manufacturing, defense, oil and agriculture. Most of the northern half of the County is part of the Los Padres National Forest. Mountain ranges created fertile valleys and broad alluvial basins, primarily in the southern half of the County. The high soil fertility and good drainage of the alluvial basins has helped the County become a leading agricultural producer.

The County's historic economic strength in agriculture, food processing and mineral production has been supplemented in the past decade by the increasing prominence of business services, small manufacturing businesses, the electronics industry, biotechnology, tourism and the military's presence, as well as other diversified industries.

City of Port Hueneme. The City of Port Hueneme ("Port Hueneme") is located in the south-central portion of the County, on the Pacific Coast. Port Hueneme's active harbor is the only deep water port between Los Angeles and San Francisco. The port is a major import/export center, is the site of the largest dockside refrigeration storage facility on the West Coast, and also serves as the headquarters for the U.S. Naval Construction Battalion Center, home of the "Pacific Seabees."

City of Oxnard. The City of Oxnard ("Oxnard") is located approximately 30 miles west of Los Angeles. Oxnard was incorporated on June 30, 1903 and is a general law city and has a City Council/City Manager form of government. The City Manager is appointed by the City Council. The City Council is comprised of four councilmembers elected at large for four year overlapping terms, and the Mayor elected for a two year term.

Population

The following table shows the historical population figures for the Cities, the County and the State for the last 10 years.

POPULATION ESTIMATES
2009 through 2018
City of Port Hueneme, City of Oxnard,
Ventura County and the State of California

Year[1]	City of Port Hueneme	City of Oxnard	Ventura County	State of California
2009	21,808	194,764	815,284	36,966,713
2010[2]	21,723	197,899	823,318	37,253,956
2011	21,635	196,916	829,563	37,529,913
2012	21,916	197,793	834,487	37,874,977
2013	22,408	199,235	841,047	38,234,391
2014	22,796	201,672	847,232	38,568,628
2015	23,276	203,825	851,426	38,912,464
2016	23,704	204,877	853,961	39,179,627
2017	23,711	205,489	855,910	39,500,973
2018	23,929	206,499	859,073	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 Demographic Research Unit Benchmark): California Department of Finance for January 1.

Income

The following table summarizes per capita personal income for the County, the State, and the United States for the years 2008 through 2017.

PER CAPITA PERSONAL INCOME
2008 through 2017
Ventura County, the State of California and United States

Year	Ventura County	State of California	United States
2008	$46,075	$43,895	$40,904
2009	44,479	42,050	39,284
2010	45,885	43,609	40,545
2011	48,025	46,145	42,727
2012	49,937	48,751	44,582
2013	50,363	49,173	44,826
2014	52,925	52,237	47,025
2015	55,594	55,679	48,940
2016	56,846	57,497	49,831
2017	59,178	59,796	51,640

Note: Per capital personal income was compiled using 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.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the Cities, the County, the State of California and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2014 through 2018[1]
City of Oxnard, City of Port Hueneme,
Ventura County, State of California, and the United States

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2014				
City of Oxnard	100,500	93,200	7,300	7.2
City of Port Hueneme	10,000	9,000	1,000	9.9
Ventura County	430,100	401,500	28,600	6.6
California	18,714,700	17,310,900	1,403,800	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Oxnard	100,100	94,000	6,200	6.1
City of Port Hueneme	9,900	9,100	800	8.4
Ventura County	427,600	403,500	24,100	5.6
California	18,851,100	17,681,800	1,169,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Oxnard	101,100	94,400	6,700	6.6
City of Port Hueneme	10,100	9,400	700	6.8
Ventura County	425,700	403,400	22,200	5.2
California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Oxnard	101,000	92,100	5,700	5.6
City of Port Hueneme	10,500	8,900	400	3.9
Ventura County	424,700	395,200	19,100	4.5
California	19,205,300	16,602,700	1,919,800	4.8
United States	160,320,000	142,469,000	6,982,000	4.4
2018				
City of Oxnard	101,100	93,100	4,800	4.8
City of Port Hueneme	10,500	9,000	300	3.3
Ventura County	425,700	399,800	16,100	3.8
California	19,938,200	16,958,700	815,400	4.2
United States	162,015,000	143,929,000	6,314,000	3.9

Note: Data is 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 2018 Benchmark.

Industry

The County is located in the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area. The distribution of employment is presented in the following table for the last five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Ventura County (Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area)

Category	2014	2015	2016	2017	2018
Total Farm	26,500	26,300	25,200	23,800	24,400
Total Nonfarm	293,700	296,500	300,400	305,400	308,900
Total Private	249,700	251,100	253,800	258,500	262,100
Goods Producing	40,000	41,100	41,200	42,200	43,900
Mining, Logging and Construction	15,000	15,200	15,500	16,600	17,700
Manufacturing	25,000	25,900	25,700	25,600	26,200
Nondurable Goods	6,300	7,000	7,100	7,000	6,700
Service Providing	253,700	255,400	259,200	263,200	265,000
Private Service Producing	209,700	210,000	212,600	216,300	218,200
Trade, Transportation and Utilities	57,900	58,500	59,000	59,500	59,100
Wholesale Trade	12,700	12,600	13,000	13,200	13,200
Retail Trade	39,200	39,900	40,000	40,100	39,600
Transportation, Warehousing and Utilities	6,000	6,000	6,000	6,100	6,400
Information	5,300	5,100	5,000	5,000	5,000
Financial Activities	18,700	17,700	17,400	16,900	16,500
Professional and Business Services	41,500	40,500	40,900	42,200	42,900
Educational and Health Services	41,600	42,900	44,400	45,900	47,600
Leisure and Hospitality	34,800	35,700	36,400	37,200	37,700
Other Services	9,800	9,700	9,600	9,600	9,400
Government	44,000	45,400	46,600	46,900	46,900
Total, All Industries	320,200	322,800	325,700	329,200	333,300

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Average Labor Force and Industry Employment. March 2018 Benchmark.

PRINCIPAL EMPLOYERS
2018
Ventura County

Employer	Industry	Number of Employees
United States Naval Base	National Security	18,776
County of Ventura	Public Administration	8,435
Amgen, Inc.	Chemicals and Allied Products	4,880
Simi Valley Unified School District	Education	3,000
Anthem, Inc. (previously Wellpoint, Inc.)	Healthcare	2,500
Conejo Valley Unified School District	Education	2,198
Community Memorial Hospital	Healthcare	2,000
Ventura Unified School District	Education	1,950
Dignity Health (St. John's)	Healthcare	1,900
Los Robles Regional Medical Center	Healthcare	1,600

Source: County of Ventura Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2018.

Commercial Activity

Summaries of annual taxable sales for the County and the Cities from 2013 through 2017 are shown in the following tables.

TAXABLE SALES
2013 through 2017
Ventura County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	14,285	$9,101,436	22,234	$12,824,296
2014	14,903	9,401,053	22,851	13,366,628
2015	(1)	9,615,370	(1)	13,784,346
2016	(1)	9,774,880	(1)	13,745,950
2017	(1)	10,012,010	(1)	13,901,215

(1) 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.

TAXABLE SALES
2013 through 2017
City of Oxnard
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	2,218	$1,864,247	3,479	$2,395,169
2014	2,338	1,947,853	3,590	2,502,372
2015	[1]	1,964,023	[1]	2,521,312
2016	[1]	2,085,890	[1]	2,639,291
2017	[1]	2,152,900	[1]	2,733,223

[1] 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.

TAXABLE SALES
2013 through 2017
City of Port Hueneme
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	193	$71,049	273	$79,194
2014	222	75,202	306	86,007
2015	[1]	77,910	[1]	87,904
2016	[1]	84,876	[1]	93,517
2017	[1]	95,419	[1]	102,898

[1] 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.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2013 through 2017 for the County and the Cities are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Ventura County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$313,570	$344,552	$374,014	$448,431	$698,787
Non-Residential	147,467	150,140	189,936	188,450	226,873
Total	$461,037	$494,692	$563,950	$636,881	$925,660
Units					
Single Family	360	450	615	652	851
Multiple Family	688	632	394	1,011	1,638
Total	1,048	1,082	1,009	1,663	2,489

Note: Columns may not sum to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2013 through 2017
City of Oxnard
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$103,134	$70,801	$60,565	$141,748	$102,414
Non-Residential	37,415	33,417	21,528	31,968	40,580
Total	$140,549	$104,218	$82,093	$173,716	$142,994
Units					
Single Family	66	42	146	144	198
Multi-Family	366	269	83	579	482
Total	432	311	229	723	680

Note: Columns may not sum to totals due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
2013 through 2017
City of Port Hueneme
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation ($000's)					
Residential	$9,319	$3,349	$5,036	$3,098	$3,437
Non-Residential	419	2,016	1,986	2,593	2,796
Total	$9,738	$5,365	$7,022	$5,691	$6,233
Units					
Single Family	24	5	0	0	0
Multi-Family	20	0	0	0	0
Total	44	5	0	0	0

Note: Columns may not sum to totals due to rounding.
Source: Construction Industry Research Board.

Transportation

Access to job opportunities in Los Angeles County and Santa Barbara County has been one of the major factors in the County's employment and population growth. Several major freeways and highways provide access between the County and all parts of Southern California. U.S. Highway 101 extends through the southwestern portion of the County and links the major cities in the County to the Los Angeles metropolitan area and to Santa Barbara County. Running easterly from U.S. 101, State Highway 126 passes through Santa Paula and Fillmore to connect with Interstate Highway 5 in Los Angeles County. State Highway 118 extends between U.S. 101 and Interstate Highway 5 and provides access between Simi Valley and the San Fernando Valley. The Pacific Coast Highway (State Highway 1) follows the coastline from Oxnard south towards Los Angeles.

Currently, the County has two intercity bus lines which provide a transit alternative to the auto. South Coast Area Transit ("SCAT"), a regional public agency funded by participating cities and the County, provides service from Ventura to and from Oxnard, Ojai and Port Hueneme. Another publicly-funded service, Vista, operates along Highways 101, 118 and 126, with stops at major cities in between. The line is designed to tie into Los Angeles County Metropolitan Transportation Authority bus service at Thousand Oaks which then transports passengers to Los Angeles County destinations.

Regional bus service is provided by SCAT in participating cities including Oxnard, Ventura, Ojai and Port Hueneme. Local bus service is provided by the cities of Thousand Oaks, Moorpark, Ojai, Simi Valley and Camarillo. Additionally, private bus service is provided from Ventura to Los Angeles International Airport with stops at major cities in between.

Passenger service is also provided by (i) AMTRAK, (ii) Metrolink, a commuter rail service linking portions of the County with downtown Los Angeles, and (iii) Greyhound Lines, which provides bus services. Union Pacific Railroad handles most of the freight train movement in the County. The Ventura County Railway Company is a local railroad, which provides services between the Union Pacific Line and the Port of Hueneme and intermediate industrial parks.

The County seat in the City of Ventura is within a 90-minute drive of Santa Barbara Airport, the Hollywood/Burbank Airport and the Los Angeles International Airport ("LAX"). The County itself has three smaller airports. The County operates two of these: Oxnard Airport, which provides air taxi service to LAX and other limited commuter lines and serves as a general aviation field, and Camarillo Airport which serves as a general aviation field. The Santa Paula Airport is a privately-owned facility. The Port of Hueneme (the "Port") is designated as an official "port of entry" under the U.S. Department of Customs, a Foreign Trade Zone under the U.S. Department of Defense and Transportation and is the only commercial deep-draft harbor between Los Angeles and San Francisco. The Port is owned and operated by the Oxnard Harbor District, an independent special district which was formed for the purpose of developing and operating the commercial terminal facilities at the Port. Port operations are self-sustaining and are supported by revenues derived from operations and tenant activities.

The Port has five 600-foot deep-draft berths and a 36-foot entrance channel depth. Expanded joint use with the Navy for Wharf 3 and a direct corridor connecting the Port and Highway 101 increase future capabilities and alleviate truck traffic on city streets. The Port has good rail access and covered storage facilities adjacent to the berths. A 137,000 square-foot dockside refrigerated transit shed has attracted several substantial customers, including Sunkist Growers, Del Monte and Pacific Fruit under contract with Cool Carriers. More than 300,000 automobiles per year are processed through the Port annually. More than $4 billion worth of cargo is moved through the Port annually. Automobiles, bananas and fresh fruit continue to be the top commodities handled by the Port.

Education

Public school education is available through eleven elementary, two high school and seven unified school districts. Enrollment figures for public schools reported for the 2018-19 school year were approximately 135,721 students.(1) Additionally, there are approximately 90 private schools in the County.

The Ventura County Community College District has three campuses, one in each of the cities of Oxnard, Ventura and Moorpark. The latest enrollment count is 48,305 students.(2)

California Lutheran University, a privately-endowed, four year liberal arts college, is located in Thousand Oaks. The latest enrollment was 3,059 full-time undergraduate students and 1,324 graduate students representing 42 states and 49 foreign countries.(3) The University of California, Santa Barbara, Cal State University Northridge and Pepperdine University also offer courses in the County with some graduate programs.

California State University Channel Islands ("CSUCI") is the newest California State University campus; it opened for students in 2005. Located on the 670-acre site of the former Camarillo State Hospital grounds, CSUCI expects to reach full capacity by 2025, with a student enrollment of 15,000 students. In addition to eight traditional major fields, CSUCI offers a teaching credential program, a California Mini-Corps program, and a Baccalaureate in Nursing program.

(1) Source: California Department of Education.
(2) Source: Ventura County Community College District (www.vccd.edu).
(3) Source: California Lutheran University.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

VENTURA COUNTY STATEMENT OF INVESTMENT POLICY AND REPORT OF INVESTMENTS

The following information concerning the Ventura County Investment Pool (the "Investment Pool") has been provided by the Treasurer and has not been confirmed or verified by the District or the Underwriter. No representation is made by the District or Underwriter 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 any information contained or incorporated therein by reference is correct as of any time subsequent to its date.

[THIS PAGE INTENTIONALLY LEFT BLANK]

VENTURA COUNTY

STATEMENT OF INVESTMENT POLICY

AS APPROVED DECEMBER 4, 2018

BOARD OF SUPERVISORS

SUPERVISOR PETER C. FOY, DISTRICT 4, CHAIR
SUPERVISOR STEVE BENNETT, DISTRICT 1
SUPERVISOR LINDA PARKS, DISTRICT 2,
SUPERVISOR KELLY LONG, DISTRICT 3
SUPERVISOR JOHN C. ZARAGOZA, DISTRICT 5

Judge Steven Hintz
Treasurer-Tax Collector

Sue Horgan
Assistant Treasurer-Tax Collector

Ventura County Treasurer-Tax Collector's Office
800 South Victoria Avenue, L#1290
Ventura, CA 93009-1290
E-mail helpinghand@ventura.org
Website: www.ventura.org/ttc

Table of Contents

STATEMENT OF INVESTMENT POLICY **3**
Introduction *3*
Investment Objective *3*
Investment and the Notion of Risk *4*
Liquidity *5*
Yield *5*

INTERNAL CONTROLS **5**
Safekeeping of Securities *6*
Security Custody and Deliveries *6*

SECURITY INSTRUMENTS **6**
Qualifications of Brokers, Dealers, and Financial Institutions *6*
Ratings *7*
U.S. Agencies *7*
U.S. Government *8*
Commercial Paper *8*
Medium Term Notes and Deposit Notes *8*
Municipal Notes, Bonds and Other Obligations *8*
Bankers Acceptances *8*
Negotiable Certificates of Deposit and Yankee Certificates of Deposit *9*
Certificates of Deposit *9*
Repurchase Agreements *9*
Securities Lending *10*
Local Agency Investment Fund (LAIF) *10*
CalTrust and California Asset Management Program (CAMP) *10*
Local Agency Debt and State Warrants *10*
Supranationals *10*
Prohibited Transactions and Asset-Backed Securities *10*
Apportionment of Interest and Costs *11*

AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR **11**
Delegation of Authority to Invest *11*
Authority to Execute Investment Transactions *11*
Competitive Bidding *11*
Place and Time for Conducting Business *12*
Conflict of Interest *12*
Portfolio Reporting *12*
Disaster Recovery Program *12*
Extraordinary Withdrawals *13*
Terms and Conditions of Local Agency *13*

GLOSSARY **14**

APPENDIX A **18**

STATEMENT OF INVESTMENT POLICY

This Statement of Investment Policy ("Policy") provides the guidelines for prudent investment of public funds in a manner which will provide the highest investment return with optimal security and liquidity. The Policy and practices of the County Treasurer are based on prudent money management principles and California State Law, specifically Government Code Sections 27000 - 27000.5; 27130 - 27137; and 53600 - 53686. Furthermore, it outlines the policies essential to ensuring the safety and financial strength of the County's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State law, the Policy will supersede.

The Policy shall be reviewed annually and any modifications made thereto must be approved by the Board of Supervisors.

Introduction

The Treasurer-Tax Collector of Ventura County manages pooled cash under the prudent investor rule. This rule states that:

> "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

This rule allows the County the option to operate over a broad spectrum of investment opportunity defined within Section 53601 *et seq* of the California Government Code. Therefore, the County's portfolio will be made up of a selection of investments that ensure diversification and meet the liquidity needs of the organization. The major overriding premise underlying the County's investment objective is always to ensure that funds are available when needed.

Investment Objective

It is the policy of the County to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the County and other participants, while attaining a market average yield within an acceptable and defined level of risk.

The Policy has three primary objectives, in order of priority:

1) The safety of principal.

2) Maintenance of liquidity to meet cash flow needs.

3) To earn a competitive rate of return (i.e., yield) within the confines of the California Government Code, this policy, and procedural structure.

In order to accomplish the objectives of safety, liquidity, and yield, the economy and various financial markets are monitored daily in order to assess the probable course of interest rates and thus maximize yield on the County's temporarily idle funds. In a market with increasing interest rates, the Treasury will attempt to invest in securities with shorter maturities. This strategy allows funds to be available for other investments when interest rates are at higher levels. Conversely, when interest rates appear to be near a plateau, the Treasury will attempt to lock in a higher rate of return. The length of term for all investments shall be commensurate with the short, medium, and long-term cash flow needs of the County and other investment pool participants.

Investment and the Notion of Risk

In order to accomplish the investment philosophy outlined above, the concept of risk must be clearly defined as it relates to the investment of public funds. This concept of risk finds its ultimate translation into a structured and well-diversified portfolio.

The County shall ensure the safety of its idle funds by limiting credit and interest rate risk. These are the two types of risk that can clearly damage a public sector portfolio.

Credit risk is defined as the risk of loss due to the failure of the issuer of a security and shall be mitigated by:

1) Pre-qualifying financial institutions with which it will do business through the utilization of Moody's Investors Service, Standard and Poor's Ratings Services, and Fitch Ratings.

2) Diversifying the portfolio so that the failure of any one issuer or backer will not place any undue financial burden on the County.

3) Monitor all County investments on a daily basis to anticipate and respond appropriately to a significant reduction in the credit worthiness of a depository.

Interest rate risk is defined as the risk that the market value of portfolio securities will fall due to an increase in interest rates. This risk shall be mitigated by:

1) Structuring the portfolio so that securities mature at times to meet the ongoing cash needs of the County.

2) Restructure of the portfolio to minimize the loss of market value or cash flow.

3) Limit the weighted average maturity of the portfolio holdings to 375 days.

The investment program of Ventura County shall be managed with a degree of professionalism that is worthy of the public trust and adheres to the tenets of modern portfolio theory.

The Treasury is very cognizant of past losses of public funds by local agencies throughout California. Those losses resulted in a loss of confidence by the public in public sector investment expertise. This policy seeks to ensure that proper controls are maintained by the Treasurer-Tax Collector and subordinate staff.

There are times when it becomes necessary for losses to be taken:

A) Interest rates appear to be rising and the funds can be invested shorter term at higher rates.

B) When opportunities arise that will result in an increase in overall interest income to the County.

C) When cash needs are greater than expected.

Therefore, in order to mitigate these event risks to the County's portfolio all investment losses shall be approved by the Treasurer-Tax Collector, exclusively. This authority shall not be delegated.

Liquidity

The County's portfolio will be structured so that securities will mature at or about the same time as cash is needed to meet demand and in accordance with the economic projections mentioned above.

The Treasury will construct a portfolio that will consist of securities with active secondary and resale markets. Any investments for which no secondary market exists, such as time deposits, shall not exceed 375 days and no investment will have a maturity of more than 1150 days.

Yield

The Treasurer-Tax Collector shall always attempt to obtain a competitive rate of return on any investment type consistent with the required safety, liquidity, and other parameters of this policy, departmental procedures, and the laws of the State of California.

INTERNAL CONTROLS

The Treasurer-Tax Collector shall establish a system of internal controls, which shall be documented in writing. The controls will be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, and unanticipated changes in financial markets.

Except for declared emergencies, the County Treasurer-Tax Collector's Office shall observe the following procedures on a daily basis:

- All investment transactions shall be entered into the accounting system.
- County investments shall be transacted, confirmed, accounted for, and audited by different people.

Safekeeping of Securities

To protect against potential losses caused by the collapse of individual securities dealers, all securities owned by the County, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department, acting as agent for the County under the terms of a custody agreement executed by the bank and the Treasurer-Tax Collector. All trades executed between the County and a dealer will settle on a delivery vs. payment basis with a custodial bank. All security transactions engaged in by the Treasurer-Tax Collector shall be countersigned by another authorized treasury department employee.

Security Custody & Deliveries

All securities purchased shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custodial security clearance services.

All security holdings shall be reconciled monthly by the County Treasurer-Tax Collector's Office and audited at least quarterly by the Auditor-Controller's Office.

All security transactions are to be conducted on a "delivery-versus-payment basis". Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased, that these securities have been sold to the County under a repurchase agreement, and the stipulated date and amount of the resale by the County back to the seller of the securities.

SECURITY INSTRUMENTS

Qualifications of Brokers, Dealers, and Financial Institutions

The Treasurer-Tax Collector will maintain a list of approved financial institutions authorized to provide investment services. Additionally, the Treasurer-Tax Collector shall transact business only with approved direct issuers; security brokers/dealers selected by credit worthiness that licensed by the State of California and licensed by the Financial Industry Regulatory Authority (FINRA); National or State chartered bank or savings institutions; and primary government dealers designated by the Federal Reserve.

Any broker/dealer interested in conducting business with the County must have an office within the State of California and is required to fill out an extensive questionnaire maintained by the Treasurer-Tax Collector. This questionnaire is then reviewed by the Treasurer-Tax Collector and upon acceptance permits the County to deal with the broker/dealer.

The Treasurer-Tax Collector views the relationship of the firm and its representatives to the County as being a long-term mutually beneficial business relationship. The Treasurer-Tax Collector expects the firm and its staff to act with integrity and trust. The firm must ensure that its staff is aware of the County Treasurer's Investment Policy as well as California Government Code sections 53601 and 53635 that govern the securities transactions of the County. The firm will be required to annually issue written acknowledgment that it has read and will comply with the County's Investment Policy.

No broker/dealer may have made political contributions greater than the limits expressed in Rule G-37 of the Municipal Securities Rule Making Body to the Treasurer-Tax Collector, Board of Supervisors, or candidate for those offices, or Treasury Oversight Committee members.

The Treasury staff shall investigate dealers with which it will conduct business in order to determine: if the firm is adequately capitalized and meets the Federal Reserve's minimum capital requirements for broker/dealer operations, makes markets in securities appropriate to the County's investment policy, the individual covering the account has a minimum of three years dealing with large institutional accounts, and receives three favorable recommendations from other short term cash portfolio managers.

Upon application, all firms will provide a copy of their most recent published annual report; quarterly reports issued since the last annual report; Financial and Operational Combined Uniform Single (FOCUS) Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Furthermore, no later than July 31 of each calendar year, in addition to the required annual written acknowledgment of the Investment Policy compliance, only as requested by the Treasurer-Tax Collector, all firms will provide a copy of their most recent published annual report; FOCUS Report; organization chart; and any financial information regarding credit lines and debt support provided by the parent firm.

Ratings
With the exception of LAIF, insured deposits, and U.S. Treasury and Government Agency issues, investments shall be placed only in those instruments and institutions rated favorably as determined by the Treasurer-Tax Collector in accordance with this Statement and with the assistance of Moody’s Investors Service, Standard and Poor’s Ratings Services, and Fitch Ratings.

If the rating of any security drops below the minimum acceptable rating for that security class, the investment will be sold if no significant loss of principal is involved or matured at the earliest possible convenience. These sales must be individually approved by the Treasurer-Tax Collector. A rating of “NR” by one rating service is not a split rating and does not bar the purchase of the security.

U.S. Agencies
The purchase of U.S. agency securities shall be limited to issues of the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corp. (Freddie Mac/FHLMC), the Federal National Mortgage Corporation (Fannie Mae/FNMA), Federal Agricultural Mortgage Corporation (Farmer Mac/FAMCA), or in obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored or backed entity. The fund’s holdings of any one federal agency security shall not exceed 25% of the total fund at the time of purchase. The maximum maturity of any one agency investment shall not exceed three years or 1150 days.

U. S. Government
United States Treasury Bills, Notes, and Bonds are backed by the full faith and credit of the United States Government. There shall be no limitation as to the percentage of the portfolio which can be invested in this category. The maturity of a security is limited to a maximum of three years or 1150 days.

Commercial Paper
Commercial Paper is a short term unsecured promissory note issued to finance short term credit needs. Commercial Paper eligible for investment must be of "prime" quality of the highest ranking or of the highest short-term letter and numerical rating as provided for by Standard and Poor's Ratings Services, Moody's Investors Service, and Fitch Ratings (S&P A-1+, A-1; Moody's P-1; Fitch F1+, F1). Eligible paper is further limited to issuing corporations that are organized and operating within the United States and have total assets in excess of $500 million and an "A" or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by S&P (A or higher), Moody's (A2 or higher) and Fitch (A or higher). Purchases of eligible Commercial Paper may not exceed 270 days to maturity. Purchases of Commercial Paper may not exceed 40 percent of the investment portfolio at the time of the purchase. No more than 10 percent of the total assets of the pool at the time of the purchase may be invested in the outstanding paper of any single issuing corporation. The Treasurer-Tax Collector shall establish a list of approved Commercial Paper issuers in which investments may be made.

Medium-Term Notes and Deposit Notes
Medium-Term Notes eligible for investment must be rated in the same categories described in **Commercial Paper**, above, to wit: Short-term ratings by S&P A-1 or higher; Moody's P-1; and Fitch F1 or higher; and long-term ratings of S&P A or higher, Moody's A2 or higher, and Fitch A or higher. Medium-Term Notes may not exceed 20 percent of the investment portfolio at the time of the purchase and may not have a maturity of longer than 2 years or 735 days.

Municipal Notes, Bonds and Other Obligations
Municipal notes, bonds, and other obligations eligible for investment are registered securities issued by the State of California and local California government agencies as well as registered securities issued by any of the other 49 states to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed 30 percent of the investment portfolio at the time of purchase and the maturity may not exceed three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Bankers Acceptances
A Bankers Acceptance is a draft or bill of exchange accepted by a bank or trust company and brokered to investors in the secondary market. Bankers Acceptances may be purchased for a period of up to 180 days and in an amount not to exceed 40 percent of the investment portfolio at the time of the purchase, with no more than 30 percent of the investment portfolio at the time of the purchase in the Bankers Acceptances of any one commercial bank. The Treasurer-

Tax Collector shall establish a list of those banks deemed most credit worthy for the investment in Bankers Acceptances, limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

Negotiable Certificates of Deposit and Yankee Certificates of Deposit
Negotiable Certificates of Deposit (NCD) are issued by commercial banks, foreign banks, and thrift institutions against funds deposited for a specified period of time and earn specified or variable rates of interest. The Treasurer-Tax Collector may invest up to 30 percent of the investment portfolio at the time of the purchase in NCD's. Negotiable certificates of deposit shall be limited to those institutions rated as noted in **Commercial Paper** and **Medium-Term Notes**, above.

NCD's differ from other Certificates of Deposit in that they are illiquid instruments which are traded in secondary markets. The maximum term to maturity of any NCD shall be one year or 365 days. The Treasurer-Tax Collector shall establish a list of eligible domestic commercial banks, thrifts and state licensed foreign banks (Yankee Certificates of Deposit) which will be eligible for investment.

Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors. The maximum term to maturity of any YCD shall be one year or 365 days.

Certificates of Deposit
Certificates of Deposit are deposits by the Treasurer-Tax Collector in commercial banks or savings and loan associations within the State of California and shall be limited to those institutions rated as noted above in **Negotiable Certificates of Deposit**. Local institutions shall receive preference for deposits up to $250,000 if competitive rates are offered. These investments are non-negotiable. The maximum term to maturity shall not exceed one year or 365 days and shall be fully insured by the FDIC.

Repurchase Agreements
The County may invest in repurchase agreements with banks and dealers of primary dealer status recognized by the Federal Reserve with which the County has entered into a repurchase contract which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 90 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Treasurer-Tax Collector and will not be allowed to fall below 102% of the value borrowed against those funds. The value is adjusted quarterly based on the value of the repurchase agreement.

In order to conform with provisions of the Federal Bankruptcy Code which provide for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, or securities that are direct obligations of, or that are fully guaranteed as to principal and interest by the United States or any agency of the United States. Furthermore, this collateral shall not exceed three years or 1150 days to maturity.

There shall be a $75 million limitation in repurchase agreements entered into with any one institution.

Securities Lending

Securities Lending is permissible as an agreement to lend securities to a borrower who provides collateral to the local agency. The local agency retains ownership and continues to receive all interest, dividends, and capital appreciation. Both securities and collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

Local Agency Investment Fund

The Treasurer-Tax Collector may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

CalTrust and California Asset Management Program (CAMP)

The Treasurer-Tax Collector may invest in The Investment Trust of California, doing business as CalTRUST, and in California Asset Management Program (CAMP), California joint powers authorities in which local agencies may invest funds pursuant to Government Code section 53601(p). The combined investment in CalTrust and CAMP shall not exceed $25,000,000 at the time of the purchase. The Treasurer-Tax Collector shall withdraw its entire investment in a program if the S&P rating falls below AAf/S-1+ for CalTrust or AAAm for CAMP.

Local Agency Debt and State Warrants

The Treasurer-Tax Collector may invest in bonds, notes, warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

The Treasurer-Tax Collector may invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state, or by a department, board, agency, or authority of the state.

Supranationals

The Treasurer-Tax Collector may invest surplus funds to include United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

These instruments must have a maximum remaining maturity of three years (1150 days) or less, be eligible for purchase and sale within the United States, be S&P rated "AAA" and shall not exceed 30% of the investment pool.

Prohibited Transactions and Asset-Backed Securities

At the time of purchase, all permitted investments shall conform in all respects with this Investment Policy Statement and with applicable provisions of the California Government Code.

The Treasurer-Tax Collector may not invest in asset backed securities such as Collateralized Mortgage Obligations.

Apportionment of Interest and Costs

Interest shall be apportioned to all pool participants quarterly, based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the Investment Pool. The amount of interest apportioned shall be determined using the accrual method of accounting, whereby interest will be apportioned for the quarter in which it was actually earned. The Treasurer-Tax Collector may deduct from the gross interest earnings those administrative costs relating to the management of the Treasury, including salaries and other compensation, banking costs, equipment costs, supplies, the cost of information services, cashiering, accounting, reporting remittance processing, depositing of public funds, audit, and any other costs as provided by Section 27013, 27133(f), and 27135.

AUTHORITY AND RESPONSIBILITIES OF THE TREASURER-TAX COLLECTOR

Delegation to Authority to Invest

The Treasurer-Tax Collector's authority to invest is delegated by the Board of Supervisors in accordance with the California Government Code Sections 27000.1 and 53607. Statutory authority for the investment and safekeeping functions are found in Sections 53600 et seq., and 53630 et seq., of the California Government Code.

The Treasurer-Tax Collector has the authority to react to unstable market conditions in order to preserve the safety, liquidity or yield of the portfolio. The Treasurer-Tax Collector's reaction may temporarily change the investment parameters or investment practices of the County until the market has stabilized or until the Board of Supervisors has approved a revised Investment Policy.

The Treasurer-Tax Collector shall immediately notify the Treasury Oversight Committee members and the Board of Supervisors at their next scheduled meeting of any changes to the investment parameters or practices that were precipitated by the unstable market conditions.

Authority to Execute Investment Transactions

The authority to execute investment transactions on a daily basis is limited to the Treasurer-Tax Collector. This function may be delegated to the Assistant Treasurer-Tax Collector and/or other Treasury personnel at the discretion of the Treasurer-Tax Collector.

Competitive Bidding

All purchase/sales shall be made only after a process of competitive bidding, unless information provided on electronic market quotation services, faxes, or email transmissions show current market rates. A minimum of three offer/bids should be obtained before an investment is purchased or sold. Exceptions to the above would involve transactions in U.S. Treasury or agency obligations, repurchase agreements, securities possessing unique characteristics which would make competitive bidding impractical, or market circumstances in which competitive bidding could be adverse to the best interest of the Treasurer-Tax Collector's investment program.

Place and Time for Conducting Business
Investment transactions shall not be conducted from any place other than the office of the Treasurer-Tax Collector during normal business hours established for Treasury operations. Exceptions must have the approval of the Treasurer-Tax Collector.

Conflict of Interest
No agency employee nor Treasury Oversight Committee member may directly or indirectly accept or solicit from any persons, corporations, or group having a business relationship with this Agency anything of economic value as a gift, gratuity, or favor which would be in conflict with the County Administrative Policy.

No agency employee nor Treasury Oversight Committee member shall, outside of regular working hours, engage in any profession, trade, business, or occupation which is incompatible or involves a conflict of interest with his duties as a county officer or employee, or which in any way may reflect unfavorably on this Agency, the appointing authority, or his fellow employees.

Portfolio Reporting
The Treasurer-Tax Collector shall prepare a monthly Investment Report to be presented at a regularly scheduled meeting of the Board of Supervisors, including a succinct management summary that provides a clear picture of the status of the current investment portfolio, market conditions and strategy for the coming months. The report will also include a listing of all investments by type, name of issuer, date of maturity, par and dollars amount invested in each security, investment, and the money within the Treasury. There will be a separate statement advising the Board of the longest maturity of a security in the portfolio. The report will contain a statement assuring the Board that the anticipated cash flow needs of the participants will be met. The report will also include a statement that the investment practices and portfolio holdings are in compliance with the investment policy or an explanation as to why there is a condition which exists outside of the investment policy. The Treasurer-Tax Collector will also provide a copy of the Investment Report to the Treasury Oversight Committee members at scheduled meetings.

Disaster Recovery Program
The Treasurer-Tax Collector's Disaster Plan includes critical phone numbers and addresses of key Treasury and investment personnel, as well as, currently approved bankers and broker/dealers. The plan provides for an offsite location to be communicated at the time of readiness if the Treasurer-Tax Collector's offices are uninhabitable. In the event the Treasurer or authorized staff is unable to invest the portfolio, the Treasurer has an agreement with the custodian for a daily sweep of all uninvested cash with the custody bank into an interest-bearing account.

Until normal operations of the Treasurer's office have been restored, the limitations on the size of an Individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Investment Policy Statement and would be required to be reported to the Board of Supervisors and Pool Participants in a timely manner.

Extraordinary Withdrawals

The Treasurer-Tax Collector will maintain a schedule of seasonal deposits into and withdrawals from the investment pool by participating districts. Constant contact with the pool participants will be maintained to ascertain any cash needs beyond the anticipated cash-flow patterns. Our investment strategy is based upon the known cash-flow patterns, which allow the Treasurer-Tax Collector to maximize interest earnings for the County and other pool participants.

Extraordinary withdrawals could create a liquidity problem and negatively impact the earnings of the remaining pool participants if the Treasurer-Tax Collector is forced to liquidate securities before their scheduled maturity date. A pool participant who wishes to withdraw from the pool or make an extraordinary withdrawal, will be encouraged to work with the Treasury to arrange a withdrawal schedule that would prevent losses to the withdrawing district or the remaining pool participants. Losses experienced by the County investment pool, which were precipitated by the unnoticed extraordinary withdrawal of funds, will be borne by the district who caused such losses to occur. The Treasurer-Tax Collector reserves the right to choose which securities to liquidate and could choose to sell the securities that have the lowest earnings.

Terms and Conditions that a Local Agency May Participate in the Pool

Local agencies may, by resolution of their governing bodies and the approval of the Treasurer-Tax Collector, deposit excess funds in the County Treasury for the purpose of investment by the Treasurer-Tax Collector. The procedures for this process are contained in the Treasury Procedural Manual.

INVESTMENT GLOSSARY

Accrued Interest – Interest that has accumulated but has not yet been paid from the most recent interest payment date or issue date to a certain date.

Agency Issues – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

Amortized Cost – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the purchase date until a specific date (also called "Book Value").

Bankers Acceptance – Money market instrument created from transactions involving foreign trade. In its simplest and most traditional form, a bankers' acceptance is merely a check, drawn on a bank by an importer or exporter of goods.

Basis Point – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

Benchmark – An index or security used to compare the performance of a portfolio.

Bond – A long-term debt instrument of a government or corporation promising payment of the original investment plus interest by a specified future date.

Bullet – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

Callable Bond – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

Collateralization – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

Collateralized Certificate of Deposit – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

Commercial Paper – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

Coupon – The stated interest rate on a debt security that an issuer promises to pay.

Credit Quality – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

Credit Rating – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

Credit Risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Derivatives – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

Discount Instruments – Securities that are sold at a discount to face value.

Diversification – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

Dollar Weighted Average Maturity – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

Duration – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

Earnings Apportionment – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

Government Obligations – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve Federal sponsorship or guarantees.

Government Sponsored Enterprises (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government.

Highly Liquid – The most eminent type of security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

Illiquid – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

Interest Rate Risk – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. Also called "Market Risk".

Liquid – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

Local Agency Obligation – An indebtedness issued by a local agency, department, board, or authority within the State of California.

Long-Term – The term used to describe a security when the maturity is greater than one year.

Market Value – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

Medium-Term Notes – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

Money Market Mutual Fund – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

Municipal Notes, Bonds and Other Obligations - Municipal notes, bonds, and other obligations are securities issued by state and local government agencies to finance capital and operating expenses. The characteristics of a municipal bond or note often are similar to the characteristics of corporate bonds and notes or the U.S. government and federal agency bonds and notes. Municipal notes normally have a specific maturity date, and bear interest that is scheduled to be paid at specific intervals. Municipal notes, bonds and other obligations may not exceed a maximum of three years or 1150 days. Municipal notes must meet the minimum debt rating described above in Medium Term Notes and Deposit Notes.

Negotiable Certificate of Deposit – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

Par – The stated maturity value, or face value, of a security.

Pass-Through Securities – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond.

Pool – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

Portfolio Value – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

Primary Dealer – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

Private Placements – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

Range Notes – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

Repurchase Agreement – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

Reverse Repurchase Agreement – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

Safekeeping – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

Securities Lending – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

Short-Term – The term used to describe a security when the maturity is one year or less.

Supranationals – Senior unsecured unsubordinated obligations that are issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. They are eligible for purchase and sale within the United States and approved for investments by local agencies in California as of January 1, 2015.

Total Return – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

Voluntary Participants – Local agencies that are not required to deposit their funds with the County Treasurer.

Weighted Average Maturity – The remaining average maturity of all securities held in a portfolio.

Yankee Certificates of Deposit - Yankee Certificates of Deposit (YCD) are issued in the United States by a branch or agency of a foreign bank. They are negotiable instruments, and most have a minimum face value of $100,000, making them appropriate for large investors.

Yield – The gain, expressed as a percentage that an investor derives from a financial asset.

Yield to Maturity – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

APPENDIX A: INVESTMENT INSTRUMENTS

Investment Instruments	Maximum Maturity	Maximum Specified Percentage of Portfolio	Approved Selected Agencies
U.S. Agencies	3 years or 1150 days	N/A	Yes
Commercial Paper (CP)	270 days	40%	Yes
Medium Term Notes (MTN)	2 years or 735 days	20%	Yes
Supranationals	3 years (1150 days) or less	30%	Yes
U.S. Government Treasury Bills, Notes, and Bonds	3 years or 1150 days	N/A	
Yankee Certificates of Deposit (YCD)	1 year or 365 days	30%	Yes
Negotiable Certificates of Deposit (NCD)	1 year or 365 days	30%	Yes
Certificates of Deposits (CD)	1 year or 365 days	30%	Yes
Local Agency Investment Fund (LAIF)	N/A	Maximum As Permitted by State Law	
CalTrust/CAMP		$25 MM	
Munis	3 years or 1150 days	30%	

TREASURER-TAX COLLECTOR
VENTURA COUNTY

STEVEN HINTZ
TREASURER
TAX COLLECTOR

Sue Horgan
Assistant Treasurer-Tax Collector

April 9, 2019

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending February 28, 2019.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

DISCUSSION:
This report covers the one-month period ending February 28, 2019. The report reflects continuing positive trends in the investment portfolio results.

The **average daily portfolio balance** for February was $2.634 Billion, which exceeds the highest prior February balance ever, by $174 Million. It also reflects the predicted small decline of $53 Million from January. The balance will continue to decline slightly until the April tax collection period.

The **annualized percentage yield** for February was 2.669%, an increase of 0.094% over January. As I write this report in mid-March, I believe the pool's annualized percentage yield will remain steady in the 2.50% - 2.70% range through April.

Going forward, if the current pool investments were all held to maturity, the pool's **approximate yield to maturity** is 2.62%.

The **total net earnings** for February were $5.393 Million. February is a short month; even two days can make a difference. March is a long month. Actual earnings will be higher in March.

The **weighted average days to maturity** fell to 135 days. The interest-rate sensitivity measure of **effective duration** fell to 0.360. Both of these numbers remain within the 12-month range, reflecting the pool's very low sensitivity to interest rate changes.

The **three largest sectors**, by percentage, were: Commercial Paper (29.69%), Yankee Certificates of Deposit (28.94%), and Supranationals (13.55%.) The **three largest individual issuers**, by percentage, were: J.P. Morgan Securities LLC (6.95%), International Finance Corporation (6.88%), and Toronto Dominion (6.39%).

The portfolio has been managed with the stated objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County portfolio has for several years received a rating of AAAf/S1+ by Standard & Poor's, the highest rating given by that agency, re-affirmed on January 16, 2019. The rating reflects S&P's opinion that the pool is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant cash reserves in the County's bank, as well as significant holdings in LAIF and CalTrust. The pool has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the pool's assets have a well-developed resale market, although of course it is our policy not to sell. **Earning a competitive rate of return** is reflected by our performance against our benchmarks, even though they each have less restrictive investment policies than ours.

The portfolio will be managed on the assumption that interest rates within our investment policy horizon will not change significantly over the next few months. The portfolio is well-positioned to respond, whether rates rise, drop, or hold steady. We will continue to focus our new investments on issues with maturity dates of one year, or less, for at least the next three months.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3726 if you have any questions or require further information regarding this item.

Sincerely,

Steven Hintz

STEVEN HINTZ
Treasurer-Tax Collector

Exhibit 1 – Wells Fargo Market/Cost Value Comparison Report – Month End 02/28/2019
Exhibit 2 – Monthly Transactions Report – February 2019
Exhibit 3 – Portfolio Average Monthly Balance Graph – February 2017-2019
Exhibit 4 – Average Maturity Graph – February 2017-2019
Exhibit 5 – Yield Comparison Graph – February 2018-2019
Exhibit 6 – Rolling 2-Year % Yield Graph – February 2017-2019 (Ventura)
Exhibit 7 – Rolling 2-Year $ Yield Graph – February 2017-2019
Exhibit 8 – Portfolio Holdings by Class Graph – February 2019

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
ACCOUNT: 11435100 COUNTY OF VENTURA										
NET CASH										
NET CASH										
	.0000		$.00	$.00	$.00	.00			.0000	.00
	U.S. DOLLARS									
SUBTOTAL	**.0000**		**$.00**	**$.00**	**$.00**	**.00**			**.0000**	**.00**
US GOVERNMENT SHORT-TERM										
US TREASURY BILLS										
912796QC6	5,000,000.0000	04/25/2019	$4,981,750.00	$4,893,694.44	$88,055.56	1.80	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 04/26/18 04/25/2019									
912796QM4	10,000,000.0000	06/20/2019	$9,926,100.00	$9,783,194.44	$142,905.56	1.46	N/A	N/A	.0000	.00
	US TREASURY BILL DTD 06/21/18 06/20/2019									
GOVERNMENT AGENCY DISCOUNT										
313312CU2	5,000,000.0000	03/08/2019	$4,997,700.00	$4,896,866.50	$100,833.50	2.06	N/A	N/A	.0000	.00
	FED FARM CREDIT BK DISC NOTE DTD 03/08/18 03/08/2019									
313384EM7	10,000,000.0000	04/18/2019	$9,967,900.00	$9,782,611.11	$185,288.89	1.89	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 04/18/18 04/18/2019									
313384EZ8	10,000,000.0000	04/30/2019	$9,959,800.00	$9,936,666.67	$23,133.33	.23	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 04/30/18 04/30/2019									
313384FC8	10,000,000.0000	05/03/2019	$9,957,700.00	$9,822,155.56	$135,544.44	1.38	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 05/03/18 05/03/2019									
313384GL7	5,000,000.0000	06/04/2019	$4,967,800.00	$4,919,683.33	$48,116.67	.98	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 06/04/18 06/04/2019									
313384HP7	5,000,000.0000	07/01/2019	$4,958,150.00	$4,922,879.17	$35,270.83	.72	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 07/02/18 07/01/2019									
313384LF4	5,000,000.0000	09/03/2019	$4,935,700.00	$4,913,887.50	$21,812.50	.44	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 09/04/18 09/03/2019									
313384LQ0	20,000,000.0000	09/12/2019	$19,730,200.00	$19,578,863.50	$151,336.50	.77	N/A	N/A	.0000	.00
	FED HOME LN BK DISC NOTE DTD 09/12/18 09/12/2019									
313396HK2	5,000,000.0000	06/27/2019	$4,960,000.00	$4,924,222.22	$35,777.78	.73	N/A	N/A	.0000	.00
	FED HOME LN MTG CORP DISC NOTE DTD 06/27/18 06/27/2019									
313396JX2	20,000,000.0000	08/02/2019	$19,787,000.00	$19,652,111.11	$134,888.89	.69	N/A	N/A	.0000	.00

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
FED HOME LN MTG CORP DISC NOTE DTD 08/02/18 08/02/2019										
313396PL1	10,000,000.0000	11/19/2019	$9,817,400.00	$9,820,819.44	($3,419.44)	(.03)	N/A	N/A	.0000	.00
FED HOME LN MTG CORP DISC NOTE DTD 11/19/18 11/19/2019										
SUBTOTAL	**120,000,000.0000**		**$118,947,200.00**	**$117,847,654.99**	**$1,099,545.01**	**.93**			**.0000**	**.00**
SAVINGS & CERTIFICATES OF DEPOSIT										
MARKETABLE CERTIFICATES OF DEPOSIT										
05971XLA7	10,000,000.0000	08/30/2019	$10,004,500.00	$10,001,202.02	$3,297.98	.03	N/A	N/A	.0000	.00
BANCO DEL ESTA DE CHLE CERT OF DEPOSIT										
48668MZA4	10,000,000.0000	06/05/2019	$10,002,500.00	$10,002,000.00	$500.00	.00	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZP1	10,000,000.0000	07/18/2019	$10,009,300.00	$10,001,480.57	$7,819.43	.08	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZQ9	20,000,000.0000	07/18/2019	$20,017,800.00	$20,002,358.24	$15,441.76	.08	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
48668MZR7	10,000,000.0000	07/19/2019	$10,007,900.00	$10,001,624.00	$6,276.00	.06	N/A	N/A	.0000	.00
KOOKMIN BANK NY BRCH CERT OF DEPOSIT										
50066BNK3	10,000,000.0000	03/29/2019	$10,000,400.00	$10,003,242.66	($2,842.66)	(.03)	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPR6	20,000,000.0000	06/24/2019	$20,000,220.00	$20,003,602.60	($3,382.60)	(.02)			.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPS4	10,000,000.0000	06/24/2019	$10,008,200.00	$10,001,184.70	$7,015.30	.07	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPT2	10,000,000.0000	06/27/2019	$10,008,200.00	$10,001,200.00	$7,000.00	.07	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
50066BPW5	20,000,000.0000	10/07/2019	$20,016,600.00	$20,003,571.36	$13,028.64	.07	N/A	N/A	.0000	.00
KOREA DEVELOPMENT BK CERT OF DEPOSIT										
63375PJ75	10,000,000.0000	03/07/2019	$10,000,400.00	$10,001,944.78	($1,544.78)	(.02)	N/A	N/A	.0000	.00
NATIONAL BANK OF KUWAI CERT OF DEPOSIT										
63375PK32	10,000,000.0000	03/15/2019	$10,000,600.00	$10,001,951.59	($1,351.59)	(.01)	N/A	N/A	.0000	.00
NATIONAL BANK OF KUWAI CERT OF DEPOSIT										
63375PQ93	20,000,000.0000	03/01/2019	$20,000,200.00	$20,002,570.80	($2,370.80)	(.01)	N/A	N/A	.0000	.00

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PR76	10,000,000.0000	06/03/2019	$10,000,700.00	$10,001,324.96	($624.96)	(.01)	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PS59	20,000,000.0000	07/03/2019	$20,006,800.00	$20,002,808.68	$3,991.32	.02	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PT66	10,000,000.0000	08/06/2019	$10,012,200.00	$10,002,199.52	$10,000.48	.10	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PU98	15,000,000.0000	07/18/2019	$15,015,900.00	$15,001,775.69	$14,124.31	.09	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV22	20,000,000.0000	07/18/2019	$20,021,200.00	$20,002,356.87	$18,843.13	.09	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV30	10,000,000.0000	09/03/2019	$10,013,200.00	$10,001,402.67	$11,797.33	.12	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PV89	10,000,000.0000	04/18/2019	$10,004,300.00	$10,000,291.92	$4,008.08	.04	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
63375PW62	10,000,000.0000	08/30/2019	$10,008,400.00	$10,000,619.00	$7,781.00	.08	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUW CERT OF DEPOSIT									
63375PW96	10,000,000.0000	08/01/2019	$10,005,900.00	$10,000,533.23	$5,366.77	.05	N/A	N/A	.0000	.00
	NATIONAL BANK OF KUWAI CERT OF DEPOSIT									
65590AUG9	10,000,000.0000	03/28/2019	$9,999,300.00	$10,000,000.00	($700.00)	(.01)			.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
65590AUW4	10,000,000.0000	04/09/2019	$9,999,200.00	$10,000,000.00	($800.00)	(.01)			.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
65590AWW2	20,000,000.0000	05/10/2019	$19,994,800.00	$20,003,757.76	($8,957.76)	(.04)	N/A	N/A	.0000	.00
	NORDEA BK AB (PUBL) NY CERT OF DEPOSIT									
69033L6E4	10,000,000.0000	06/07/2019	$10,002,300.00	$10,002,906.45	($606.45)	(.01)	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEN3	20,000,000.0000	10/11/2019	$20,020,600.00	$20,003,011.96	$17,588.04	.09	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEQ6	10,000,000.0000	08/30/2019	$10,009,900.00	$10,001,271.16	$8,628.84	.09	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
69033MER4	20,000,000.0000	08/30/2019	$20,019,800.00	$20,003,797.64	$16,002.36	.08	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MES2	10,000,000.0000	01/10/2020	$10,013,400.00	$10,001,964.42	$11,435.58	.11	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MET0	10,000,000.0000	09/23/2019	$10,008,300.00	$10,001,373.08	$6,926.92	.07	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MEU7	10,000,000.0000	09/17/2019	$10,008,400.00	$10,001,335.65	$7,064.35	.07	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MFD4	15,000,000.0000	04/29/2019	$15,002,400.00	$15,000,731.85	$1,668.15	.01	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MFN2	10,000,000.0000	05/29/2019	$10,000,400.00	$10,000,589.97	($189.97)	.00	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MFR3	10,000,000.0000	05/29/2019	$10,000,400.00	$10,000,573.55	($173.55)	.00	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANKING CERT OF DEPOSIT									
69033MFS1	10,000,000.0000	05/20/2019	$10,000,400.00	$10,000,496.85	($96.85)	.00	N/A	N/A	.0000	.00
	OVERSEA-CHINESE BANK CERT OF DEPOSIT									
78012UCJ2	10,000,000.0000	03/28/2019	$10,000,900.00	$10,000,000.00	$900.00	.01	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UEA9	10,000,000.0000	03/28/2019	$10,000,700.00	$10,000,000.00	$700.00	.01	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UER2	10,000,000.0000	07/05/2019	$10,002,900.00	$10,000,000.00	$2,900.00	.03	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UET8	10,000,000.0000	06/04/2019	$10,000,900.00	$10,000,000.00	$900.00	.01	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UJJ5	25,000,000.0000	06/03/2019	$25,006,000.00	$25,000,000.00	$6,000.00	.02	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UJM8	20,000,000.0000	07/12/2019	$20,019,000.00	$20,000,000.00	$19,000.00	.10	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UKC8	10,000,000.0000	07/25/2019	$10,014,200.00	$10,000,000.00	$14,200.00	.14	N/A	N/A	.0000	.00
	ROYAL BK OF CANADA CERT OF DEPOSIT									
78012UKY0	10,000,000.0000	12/10/2019	$10,027,900.00	$10,000,000.00	$27,900.00	.28	N/A	N/A	.0000	.00

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
		ROYAL BK OF CANADA CERT OF DEPOSIT								
85325TS97	15,000,000.0000	07/22/2019	$15,019,800.00	$15,002,201.10	$17,598.90	.12	N/A	N/A	.0000	.00
		STANDARD CHRTRD BNK NY CERT OF DEPOSIT								
85325TT96	10,000,000.0000	11/06/2019	$10,029,400.00	$10,001,473.40	$27,926.60	.28	N/A	N/A	.0000	.00
		STANDARD CHRTRD BNK NY CERT OF DEPOSIT								
85325TZ57	10,000,000.0000	09/06/2019	$10,008,900.00	$10,001,251.44	$7,648.56	.08	N/A	N/A	.0000	.00
		STANDARD CHRTRD BNK NY CERT OF DEPOSIT								
89113X5R1	10,000,000.0000	07/05/2019	$10,003,200.00	$10,001,974.91	$1,225.09	.01	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89113XC93	10,000,000.0000	03/28/2019	$10,001,200.00	$10,002,963.00	($1,763.00)	(.02)	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89113XY81	20,000,000.0000	03/05/2019	$20,000,000.00	$20,003,052.94	($3,052.94)	(.02)	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MFW2	10,000,000.0000	09/25/2019	$10,010,800.00	$10,002,958.28	$7,841.72	.08	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MMF1	10,000,000.0000	06/27/2019	$10,013,100.00	$10,001,801.30	$11,298.70	.11	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MMQ7	10,000,000.0000	07/02/2019	$10,013,200.00	$10,000,611.12	$12,588.88	.13	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MPV3	25,000,000.0000	12/02/2019	$25,083,000.00	$25,007,219.85	$75,780.15	.30	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MQB6	5,000,000.0000	12/11/2019	$5,016,650.00	$5,001,475.50	$15,174.50	.30	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MSB4	10,000,000.0000	01/02/2020	$10,030,600.00	$10,001,968.30	$28,631.70	.29	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MSV0	10,000,000.0000	08/30/2019	$10,010,500.00	$10,000,633.06	$9,866.94	.10	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MTY3	10,000,000.0000	05/30/2019	$10,001,900.00	$10,000,650.00	$1,250.00	.01	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								
89114MUK1	10,000,000.0000	05/30/2019	$10,001,400.00	$10,000,611.89	$788.11	.01	N/A	N/A	.0000	.00
		TORONTO-DOMINION CERT OF DEPOSIT								

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
89114MUS4	10,000,000.0000	05/28/2019	$10,001,400.00	$10,000,286.78	$1,113.22	.01	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89114MVD6	10,000,000.0000	05/29/2019	$10,006,200.00	$10,000,568.11	$5,631.89	.06	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
89114MVQ7	10,000,000.0000	05/28/2019	$10,001,000.00	$10,000,262.15	$737.85	.01	N/A	N/A	.0000	.00
	TORONTO-DOMINION CERT OF DEPOSIT									
SUBTOTAL	**770,000,000.0000**		**$770,569,770.00**	**$770,095,019.33**	**$474,750.67**	**.06**			**.0000**	**.00**
COMMERCIAL PAPER										
COMMERCIAL PAPER DISCOUNT										
22533UQ89	10,000,000.0000	03/08/2019	$9,995,300.00	$9,816,808.30	$178,491.70	1.82			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 06/14/18 03/08/2019									
22533URJ4	25,000,000.0000	04/18/2019	$24,915,750.00	$24,786,889.00	$128,861.00	.52			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/27/18 04/18/2019									
22533US61	10,000,000.0000	05/06/2019	$9,953,300.00	$9,859,961.11	$93,338.89	.95			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 10/05/18 05/06/2019									
22533UUF8	10,000,000.0000	07/15/2019	$9,902,500.00	$9,799,333.33	$103,166.67	1.05			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 10/30/18 07/15/2019									
22533UV18	10,000,000.0000	08/01/2019	$9,889,500.00	$9,785,722.20	$103,777.80	1.06			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 11/08/18 08/01/2019									
22533UVU4	10,000,000.0000	08/28/2019	$9,870,000.00	$9,830,891.67	$39,108.33	.40			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 08/28/2019									
22533UVW0	10,000,000.0000	08/30/2019	$9,868,100.00	$9,835,611.11	$32,488.89	.33			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/06/18 08/30/2019									
22533UW33	15,000,000.0000	09/03/2019	$14,797,800.00	$14,705,350.05	$92,449.95	.63			.0000	.00
	CREDIT AGRICOLE CRP&IN CPDN DTD 12/28/18 09/03/2019									
2254EBS85	20,000,000.0000	05/08/2019	$19,903,600.00	$19,682,327.78	$221,272.22	1.12			.0000	.00
	CREDIT SUISSE AG CPDN DTD 10/09/18 05/08/2019									
2254EBT50	20,000,000.0000	06/05/2019	$19,863,400.00	$19,644,027.80	$219,372.20	1.12			.0000	.00
	CREDIT SUISSE AG CPDN DTD 10/15/18 06/05/2019									
2254EBTT8	20,000,000.0000	06/27/2019	$19,832,200.00	$19,713,416.60	$118,783.40	.60			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/28/18 06/27/2019									

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
2254EBUJ8	10,000,000.0000	07/18/2019	$9,900,400.00	$9,827,800.00	$72,600.00	.74			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/14/18 07/18/2019									
2254EBV16	25,000,000.0000	08/01/2019	$24,723,750.00	$24,572,027.75	$151,722.25	.62			.0000	.00
	CREDIT SUISSE AG CPDN DTD 12/27/18 08/01/2019									
2254EBV99	25,000,000.0000	08/09/2019	$24,709,250.00	$24,445,081.75	$264,168.25	1.08			.0000	.00
	CREDIT SUISSE AG CPDN DTD 11/13/18 08/09/2019									
25213MBP5	25,000,000.0000	07/15/2019	$24,756,250.00	$24,548,250.00	$208,000.00	.85			.0000	.00
	DEXIA CREDIT LOCAL CPDN DTD 11/23/18 07/15/2019									
25214PMY6	10,000,000.0000	08/01/2019	$9,889,500.00	$9,806,516.67	$82,983.33	.85			.0000	.00
	DEXIA CREDIT LOCAL CPDN DTD 11/27/18 08/01/2019									
30229BQV2	10,000,000.0000	03/29/2019	$9,981,000.00	$9,965,188.89	$15,811.11	.16			.0000	.00
	EXXON MOBIL CORP CPDN DTD 12/11/18 03/29/2019									
30229BSN8	5,000,000.0000	05/22/2019	$4,970,950.00	$4,969,715.30	$1,234.70	.02			.0000	.00
	EXXON MOBIL CORP CPDN DTD 02/20/19 05/22/2019									
30229BSU2	10,000,000.0000	05/28/2019	$9,937,700.00	$9,934,555.56	$3,144.44	.03			.0000	.00
	EXXON MOBIL CORP CPDN DTD 02/06/19 05/28/2019									
30229BSV0	30,000,000.0000	05/29/2019	$29,811,000.00	$29,811,319.50	($319.50)	.00			.0000	.00
	EXXON MOBIL CORP CPDN DTD 02/21/19 05/29/2019									
46640QQC8	10,000,000.0000	03/12/2019	$9,992,600.00	$9,808,750.00	$183,850.00	1.87			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 06/15/18 03/12/2019									
46640QQF1	10,000,000.0000	03/15/2019	$9,990,600.00	$9,808,000.00	$182,600.00	1.86			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 06/18/18 03/15/2019									
46640QR11	10,000,000.0000	04/01/2019	$9,978,300.00	$9,807,250.00	$171,050.00	1.74			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 07/05/18 04/01/2019									
46640QS10	10,000,000.0000	05/01/2019	$9,956,800.00	$9,858,719.44	$98,080.56	.99			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/14/18 05/01/2019									
46640QS36	20,000,000.0000	05/03/2019	$19,910,800.00	$19,688,744.40	$222,055.60	1.13			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/06/18 05/03/2019									
46640QS69	10,000,000.0000	05/06/2019	$9,953,300.00	$9,857,938.90	$95,361.10	.97			.0000	.00
	J.P. MORGAN SECURITIES CPDN DTD 08/09/18 05/06/2019									
46640QSD4	10,000,000.0000	05/13/2019	$9,948,300.00	$9,828,583.33	$119,716.67	1.22			.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
J.P. MORGAN SECURITIES CPDN DTD 08/16/18 05/13/2019										
46640QT50	20,000,000.0000	06/05/2019	$19,863,400.00	$19,643,936.10	$219,463.90	1.12			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 10/11/18 06/05/2019										
46640QT76	10,000,000.0000	06/07/2019	$9,930,300.00	$9,805,700.00	$124,600.00	1.27			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 09/10/18 06/07/2019										
46640QTE1	10,000,000.0000	06/14/2019	$9,925,300.00	$9,818,666.67	$106,633.33	1.09			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 09/17/18 06/14/2019										
46640QUK5	25,000,000.0000	07/19/2019	$24,749,250.00	$24,520,077.73	$229,172.27	.93			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 10/22/18 07/19/2019										
46640QUN9	10,000,000.0000	07/22/2019	$9,897,500.00	$9,784,000.00	$113,500.00	1.16			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 10/25/18 07/22/2019										
46640QW31	30,000,000.0000	09/03/2019	$29,595,600.00	$29,408,700.00	$186,900.00	.64			.0000	.00
J.P. MORGAN SECURITIES CPDN DTD 12/07/18 09/03/2019										
48306BR98	10,000,000.0000	04/09/2019	$9,972,700.00	$9,957,638.89	$15,061.11	.15			.0000	.00
KAISER FOUNDATION CPDN DTD 02/06/19 04/09/2019										
5006E1Q56	10,000,000.0000	03/05/2019	$9,997,300.00	$9,813,100.00	$184,200.00	1.88			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 06/11/18 03/05/2019										
5006E1QF4	20,000,000.0000	03/15/2019	$19,981,200.00	$19,616,000.00	$365,200.00	1.86			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 06/18/18 03/15/2019										
5006E1SV7	20,000,000.0000	05/29/2019	$19,874,000.00	$19,615,777.80	$258,222.20	1.32			.0000	.00
KOREA DEVELOPMENT BANK CPDN DTD 09/04/18 05/29/2019										
5006E1UJ1	10,000,000.0000	07/18/2019	$9,900,400.00	$9,825,600.00	$74,800.00	.76			.0000	.00
KOREA DEVELOPMENT BK CPDN DTD 12/12/18 07/18/2019										
62479MS12	10,000,000.0000	05/01/2019	$9,956,800.00	$9,860,730.56	$96,069.44	.97			.0000	.00
MUFG BANK LTD NY BRAN CPDN DTD 10/31/18 05/01/2019										
62479MV18	10,000,000.0000	08/01/2019	$9,889,500.00	$9,786,461.11	$103,038.89	1.05			.0000	.00
MUFG BANK LTD NY BRAN CPDN DTD 11/08/18 08/01/2019										
89233HQ80	15,000,000.0000	03/08/2019	$14,992,950.00	$14,719,875.00	$273,075.00	1.86			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 06/11/18 03/08/2019										
89233HQC1	20,000,000.0000	03/12/2019	$19,985,200.00	$19,626,500.00	$358,700.00	1.83			.0000	.00
TOYOTA MOTOR CREDIT CO CPDN DTD 06/15/18 03/12/2019										

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
89233HQE7	10,000,000.0000	03/14/2019	$9,991,200.00	$9,813,941.67	$177,258.33	1.81			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 06/18/18 03/14/2019								
89233HUJ1	10,000,000.0000	07/18/2019	$9,900,400.00	$9,827,841.67	$72,558.33	.74			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 12/11/18 07/18/2019								
89233HW91	20,000,000.0000	09/09/2019	$19,721,600.00	$19,612,500.00	$109,100.00	.56			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 12/14/18 09/09/2019								
89233HY81	10,000,000.0000	11/08/2019	$9,814,500.00	$9,820,083.33	($5,583.33)	(.06)			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 02/13/19 11/08/2019								
89233HYN8	10,000,000.0000	11/22/2019	$9,804,200.00	$9,808,711.11	($4,511.11)	(.05)			.0000	.00
		TOYOTA MOTOR CREDIT CO CPDN DTD 02/26/19 11/22/2019								
8923A1QU8	10,000,000.0000	03/28/2019	$9,981,700.00	$9,961,958.33	$19,741.67	.20			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 02/01/19 03/28/2019								
8923A1SQ5	10,000,000.0000	05/24/2019	$9,940,500.00	$9,932,488.89	$8,011.11	.08			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 08/29/18 05/24/2019								
8923A1SU6	10,000,000.0000	05/28/2019	$9,937,700.00	$9,812,322.22	$125,377.78	1.28			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 09/04/18 05/28/2019								
8923A1UF6	25,000,000.0000	07/15/2019	$24,756,250.00	$24,476,875.00	$279,375.00	1.14			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 10/18/18 07/15/2019								
8923A1UJ8	10,000,000.0000	07/18/2019	$9,900,400.00	$9,827,800.00	$72,600.00	.74			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 12/14/18 07/18/2019								
8923A1V16	20,000,000.0000	08/01/2019	$19,779,000.00	$19,606,750.00	$172,250.00	.88			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 11/26/18 08/01/2019								
8923A1V99	15,000,000.0000	08/09/2019	$14,825,550.00	$14,679,516.67	$146,033.33	.99			.0000	.00
		TOYOTA CDT DE PR COR CPDN DTD 11/14/18 08/09/2019								
8923A1W49	10,000,000.0000	09/04/2019	$9,864,400.00	$9,818,411.11	$45,988.89	.47			.0000	.00
		TOYOTA CDT DE PR CORP CPDN DTD 01/11/19 09/04/2019								
SUBTOTAL	**790,000,000.0000**		**$783,930,750.00**	**$776,800,744.30**	**$7,130,005.70**	**.92**			**.0000**	**.00**
CORPORATE BONDS										
CORPORATE BONDS										
02665WBE0	1,095,000.0000	07/12/2019	$1,089,251.25	$1,083,075.45	$6,175.80	.57	A	A2	.0000	.00
		AMERICAN HONDA FINANCE MED TERM NOTE								

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
037833AQ3	4,827,000.0000	05/06/2019	$4,823,234.94	$4,815,822.75	$7,412.19	.15	AA+	AA1	.0000	.00
	APPLE INC DTD 05/06/14 2.100 05/06/2019									
037833CZ1	7,840,000.0000	09/12/2019	$7,794,449.60	$7,807,132.14	($12,682.54)	(.16)	AA+	AA1	.0000	.00
	APPLE INC DTD 09/12/17 1.500 09/12/2019									
05253JAN1	110,000.0000	07/15/2019	$109,553.40	$109,041.35	$512.05	.47	AA-	AA3	.0000	.00
	AUST & NZ BANKING GROUP DTD 07/15/16 1.600 07/15/2019									
06406HCW7	18,266,000.0000	09/11/2019	$18,230,929.28	$18,217,958.88	$12,970.40	.07	A	A1	.0000	.00
	BANK OF NEW YORK MELLON MED TERM NOTE									
084664CG4	1,700,000.0000	03/15/2019	$1,699,592.00	$1,690,667.00	$8,925.00	.53	AA	AA2	.0000	.00
	BERKSHIRE HATHAWAY FIN DTD 03/15/16 1.700 03/15/2019									
084664CK5	14,697,000.0000	08/15/2019	$14,605,878.60	$14,530,598.63	$75,279.97	.52	AA	AA2	.0000	.00
	BERKSHIRE HATHAWAY FIN DTD 08/15/16 1.300 08/15/2019									
166764AG5	1,000,000.0000	06/24/2020	$997,100.00	$995,450.00	$1,650.00	.17	AA	AA2	.0000	.00
	CHEVRON CORP DTD 06/24/13 2.427 06/24/2020									
166764BH2	20,000,000.0000	05/16/2019	$19,960,200.00	$19,824,890.00	$135,310.00	.68	AA	AA2	.0000	.00
	CHEVRON CORP DTD 05/16/16 1.561 05/16/2019									
17275RBG6	14,890,000.0000	09/20/2019	$14,786,961.20	$14,712,340.00	$74,621.20	.51	AA-	A1	.0000	.00
	CISCO SYSTEMS INC DTD 09/20/16 1.400 09/20/2019									
19416QEF3	2,000,000.0000	03/15/2019	$1,999,680.00	$1,989,660.00	$10,020.00	.50	AA-	AA3	.0000	.00
	COLGATE-PALMOLIVE CO MED TERM NOTE									
24422ETJ8	5,250,000.0000	10/09/2019	$5,206,897.50	$5,171,040.00	$35,857.50	.69	A	A2	.0000	.00
	JOHN DEERE CAPITAL CORP MED TERM NOTE									
25468PCK0	1,958,000.0000	03/15/2019	$1,958,744.04	$2,014,879.90	($56,135.86)	(2.79)	A+	A2	.0000	.00
	WALT DISNEY COMPANY DTD 03/16/09 5.500 03/15/2019									
25468PDA1	3,455,000.0000	05/30/2019	$3,448,850.10	$3,442,710.57	$6,139.53	.18	A+	A2	.0000	.00
	WALT DISNEY COMPANY/THE MED TERM NOTE									
30231GAP7	6,420,000.0000	03/01/2019	$6,420,000.00	$6,387,001.20	$32,998.80	.52	AA+	AAA	.0000	.00
	EXXON MOBIL CORPORATION DTD 03/03/16 1.708 03/01/2019									
458182DX7	3,219,000.0000	05/13/2019	$3,208,731.39	$3,195,147.21	$13,584.18	.43	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 04/12/16 1.000 05/13/2019									
4581X0BG2	8,428,000.0000	09/17/2019	$8,486,827.44	$8,525,815.37	($38,987.93)	(.46)	N/A	AAA	.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	INTER-AMERICAN DEVEL BK DTD 09/17/09 3.875 09/17/2019									
4581X0BL1	2,763,000.0000	02/14/2020	$2,794,470.57	$2,796,545.58	($2,075.01)	(.07)	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 02/17/10 3.875 02/14/2020									
4581X0CR7	38,173,000.0000	10/15/2019	$37,850,056.42	$37,600,189.03	$249,867.39	.66	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 10/15/15 1.250 10/15/2019									
4581X0CX4	9,510,000.0000	05/12/2020	$9,399,779.10	$9,380,293.11	$19,485.99	.21	AAA	AAA	.0000	.00
	INTER-AMERICAN DEVEL BK DTD 04/12/17 1.625 05/12/2020									
459058DW0	5,000,000.0000	10/07/2019	$4,976,750.00	$4,958,500.00	$18,250.00	.37	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/07/14 1.875 10/07/2019									
459058EV1	6,500,000.0000	07/26/2019	$6,465,745.00	$6,463,795.00	$1,950.00	.03	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 01/28/16 1.250 07/26/2019									
459058FB4	5,000,000.0000	04/26/2019	$4,991,050.00	$5,000,000.00	($8,950.00)	(.18)	N/A	N/A	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.300 04/26/2019									
459058FC2	20,000,000.0000	04/26/2019	$19,960,200.00	$19,961,950.00	($1,750.00)	(.01)	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 04/26/16 1.250 04/26/2019									
459058FK4	25,000,000.0000	08/15/2019	$24,806,250.00	$24,679,950.00	$126,300.00	.51	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 07/13/16 0.875 08/15/2019									
459058FS7	10,000,000.0000	11/27/2019	$9,885,600.00	$9,845,000.00	$40,600.00	.41	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 10/27/16 1.125 11/27/2019									
45905UZT4	13,925,000.0000	11/22/2021	$13,603,889.50	$13,590,521.50	$13,368.00	.10	AAA	AAA	.0000	.00
	INTL BK RECON & DEVELOP DTD 11/22/16 1.750 11/22/2021									
459200JE2	29,775,000.0000	05/17/2019	$29,726,466.75	$29,602,165.22	$124,301.53	.42	A	A1	.0000	.00
	IBM CORP DTD 02/19/16 1.800 05/17/2019									
45950VMZ6	10,000,000.0000	01/25/2020	$9,993,500.00	$10,000,000.00	($6,500.00)	(.07)	N/A	N/A	.0000	.00
	INTL FINANCE CORP DTD 01/25/19 2.630 01/25/2020									
594918BN3	28,338,000.0000	08/08/2019	$28,167,688.62	$28,041,951.34	$125,737.28	.45	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 08/08/16 1.100 08/08/2019									
594918BV5	34,771,000.0000	02/06/2020	$34,516,476.28	$34,528,239.24	($11,762.96)	(.03)	AAA	AAA	.0000	.00
	MICROSOFT CORP DTD 02/06/17 1.850 02/06/2020									
717081DL4	1,455,000.0000	05/15/2019	$1,453,937.85	$1,450,635.00	$3,302.85	.23	AA	A1	.0000	.00
	PFIZER INC DTD 05/15/14 2.100 05/15/2019									

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
89236TDE2	337,000.0000	05/20/2019	$336,248.49	$333,754.69	$2,493.80	.75	AA-	AA3	.0000	.00
TOYOTA MOTOR CREDIT CORP DTD 05/20/16 1.400 05/20/2019										
90331HML4	14,950,000.0000	10/28/2019	$14,892,741.50	$14,829,958.00	$62,783.50	.42	AA-	A1	.0000	.00
US BANK NA CINCINNATI DTD 10/28/14 2.125 10/28/2019										
90331HMY6	3,750,000.0000	04/26/2019	$3,743,925.00	$3,729,000.00	$14,925.00	.40	AA-	A1	.0000	.00
US BANK NA CINCINNATI DTD 04/26/16 1.400 04/26/2019										
91159HHH6	5,000,000.0000	04/25/2019	$4,997,850.00	$4,984,400.00	$13,450.00	.27	A+	A1	.0000	.00
US BANCORP MED TERM NOTE										
CORPORATE STRIPPED/ZERO COUPON										
45818KFC1	20,000,000.0000	05/03/2019	$19,915,400.00	$19,790,000.00	$125,400.00	.63	N/A	N/A	.0000	.00
IADB DISCOUNT NOTE ZERO CPN DTD 05/03/18 05/03/2019										
459052DB9	10,000,000.0000	03/15/2019	$9,990,700.00	$9,843,250.00	$147,450.00	1.50	N/A	N/A	.0000	.00
IBRD DISCOUNT NOTE ZERO CPN DTD 03/15/18 03/15/2019										
459516DB3	10,000,000.0000	03/15/2019	$9,990,700.00	$9,843,250.00	$147,450.00	1.50	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 03/15/18 03/15/2019										
459516DR8	15,000,000.0000	03/29/2019	$14,972,250.00	$14,876,269.49	$95,980.51	.65	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 03/29/18 03/29/2019										
459516EF3	10,000,000.0000	04/12/2019	$9,971,900.00	$9,786,238.90	$185,661.10	1.90	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 04/12/18 04/12/2019										
459516EM8	5,000,000.0000	04/18/2019	$4,983,950.00	$4,891,908.35	$92,041.65	1.88	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 04/18/18 04/18/2019										
459516ES5	5,000,000.0000	04/23/2019	$4,982,250.00	$4,970,250.00	$12,000.00	.24	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 04/23/18 04/23/2019										
459516FA3	8,000,000.0000	05/01/2019	$7,967,200.00	$7,910,191.11	$57,008.89	.72	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 05/01/18 05/01/2019										
459516FN5	10,000,000.0000	05/13/2019	$9,950,900.00	$9,784,808.33	$166,091.67	1.70	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 05/14/18 05/13/2019										
459516GD6	20,000,000.0000	05/28/2019	$19,881,600.00	$19,878,666.60	$2,933.40	.01	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 05/29/18 05/28/2019										
459516GF1	10,000,000.0000	05/30/2019	$9,939,500.00	$9,921,005.60	$18,494.40	.19	N/A	N/A	.0000	.00
IFC DISCOUNT NOTE ZERO CPN DTD 05/30/18 05/30/2019										

Exhibit 1

WELLS FARGO

Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
459516GP9	20,000,000.0000	06/07/2019	$19,867,200.00	$19,551,766.60	$315,433.40	1.61	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 06/07/18 06/07/2019									
459516HG8	20,000,000.0000	06/24/2019	$19,844,200.00	$19,636,894.50	$207,305.50	1.06	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 06/25/18 06/24/2019									
459516JG6	10,000,000.0000	07/18/2019	$9,904,600.00	$9,849,133.33	$55,466.67	.56	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 07/18/18 07/18/2019									
459516NY2	20,000,000.0000	11/07/2019	$19,651,400.00	$19,654,277.80	($2,877.80)	(.01)	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 11/07/18 11/07/2019									
459516NZ9	10,000,000.0000	11/08/2019	$9,825,000.00	$9,827,138.90	($2,138.90)	(.02)	N/A	N/A	.0000	.00
	IFC DISCOUNT NOTE ZERO CPN DTD 11/08/18 11/08/2019									
SUBTOTAL	**582,402,000.0000**		**$579,028,255.82**	**$576,305,127.67**	**$2,723,128.15**	**.47**			**.0000**	**.00**
FEDERAL AGENCY										
GOVERNMENT AGENCIES										
3130A7RT4	20,000,000.0000	04/18/2019	$19,970,200.00	$19,989,000.00	($18,800.00)	(.09)	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 04/18/16 1.200 04/18/2019									
3130AAXX1	10,000,000.0000	03/18/2019	$9,996,200.00	$9,929,330.00	$66,870.00	.67	AA+	N/A	.0000	.00
	FED HOME LN BK DTD 03/10/17 1.375 03/18/2019									
3130ADRY0	5,370,000.0000	03/05/2019	$5,369,892.60	$5,366,826.33	$3,066.27	.06	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/05/18 2.000 03/05/2019									
3130ADUL4	10,000,000.0000	03/19/2019	$9,999,600.00	$10,000,000.00	($400.00)	.00	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/19/18 2.125 03/19/2019									
3130ADWH1	8,250,000.0000	03/28/2019	$8,249,340.00	$8,247,987.00	$1,353.00	.02	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 03/28/18 2.125 03/28/2019									
3130AE5E6	10,300,000.0000	04/23/2019	$10,298,661.00	$10,299,485.00	($824.00)	(.01)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/23/18 2.250 04/23/2019									
3130AE6P0	5,000,000.0000	04/26/2019	$4,999,200.00	$4,998,605.00	$595.00	.01	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 04/26/18 2.250 04/26/2019									
3130AEAT7	2,500,000.0000	05/07/2019	$2,499,300.00	$2,500,000.00	($700.00)	(.03)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 05/07/18 2.250 05/07/2019									
3130AECL2	10,000,000.0000	05/21/2019	$9,995,200.00	$9,997,000.00	($1,800.00)	(.02)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 05/21/18 2.250 05/21/2019									

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
3130AERW2	8,145,000.0000	08/09/2019	$8,140,927.50	$8,137,482.17	$3,445.33	.04	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 08/09/18 2.375 08/09/2019									
3130AFB89	5,000,000.0000	11/30/2020	$5,030,500.00	$4,994,975.00	$35,525.00	.71	AA+	AAA	.0000	.00
	FED HOME LN BK DTD 10/22/18 2.920 11/30/2020									
3130AFMR5	5,000,000.0000	01/02/2020	$5,001,500.00	$5,002,200.00	($700.00)	(.01)	N/A	AAA	.0000	.00
	FED HOME LN BK DTD 01/02/19 2.625 01/02/2020									
3133EDVK5	1,000,000.0000	03/18/2019	$999,680.00	$996,356.00	$3,324.00	.33	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 09/18/14 1.750 03/18/2019									
3133EGGY5	500,000.0000	09/21/2020	$491,725.00	$486,075.00	$5,650.00	1.16	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 06/21/16 1.490 09/21/2020									
3133EJ6B0	10,000,000.0000	04/24/2020	$10,003,600.00	$9,997,760.00	$5,840.00	.06	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/24/19 2.600 04/24/2020									
3133EJAU3	10,000,000.0000	04/29/2019	$9,992,000.00	$10,000,000.00	($8,000.00)	(.08)	AA+	AAA	.0000	.00
	FED FARM CREDIT BK DTD 01/29/18 1.920 04/29/2019									
3133EJJ91	5,000,000.0000	10/22/2019	$5,006,800.00	$5,000,000.00	$6,800.00	.14	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 10/22/18 2.700 10/22/2019									
3133EJXR5	12,500,000.0000	08/22/2019	$12,500,000.00	$12,500,000.00	$.00	.00	N/A	AAA	.0000	.00
	FED FARM CREDIT BK DTD 08/22/18 2.450 08/22/2019									
3134G8TV1	5,350,000.0000	03/29/2019	$5,345,292.00	$5,347,271.50	($1,979.50)	(.04)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE SER 0000									
3134G8ZZ5	10,000,000.0000	04/26/2019	$9,981,000.00	$10,000,000.00	($19,000.00)	(.19)	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3134GSU78	10,000,000.0000	01/29/2021	$9,999,700.00	$10,000,000.00	($300.00)	.00	AA+	AAA	.0000	.00
	FED HOME LN MTG CORP MED TERM NOTE									
3135G0N33	40,000,000.0000	08/02/2019	$39,725,600.00	$39,514,800.00	$210,800.00	.53	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 08/02/16 0.875 08/02/2019									
3135G0P49	5,000,000.0000	08/28/2019	$4,962,950.00	$4,951,130.00	$11,820.00	.24	AA+	AAA	.0000	.00
	FED NATL MTG ASSN SER *									
3135G0ZY2	6,290,000.0000	11/26/2019	$6,254,147.00	$6,231,182.21	$22,964.79	.37	AA+	AAA	.0000	.00
	FED NATL MTG ASSN DTD 11/07/14 1.750 11/26/2019									
3137EAEB1	28,250,000.0000	07/19/2019	$28,081,630.00	$27,931,116.00	$150,514.00	.54	AA+	AAA	.0000	.00

Exhibit 1

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	FED HOME LN MTG CORP DTD 07/20/16 0.875 07/19/2019									
SUBTOTAL	**243,455,000.0000**		**$242,894,645.10**	**$242,418,581.21**	**$476,063.89**	**.20**			**.0000**	**.00**
MUNICIPAL BONDS										
MUNICIPAL TAXABLE										
13063DAB4	2,310,000.0000	04/01/2019	$2,308,244.40	$2,298,172.80	$10,071.60	.44	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL-HIGH-SPEED PASSENGER TRAI									
13063DFZ6	16,000,000.0000	04/01/2020	$15,997,280.00	$16,022,880.00	($25,600.00)	(.16)	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL									
13063DGM4	21,900,000.0000	08/01/2019	$21,958,911.00	$22,031,059.00	($72,148.00)	(.33)	AA-	AA3	.0000	.00
	CALIFORNIA ST TXBL-VARIOUS PURPOSE-CONSTRUCT									
13077DBJ0	560,000.0000	11/01/2019	$555,704.80	$560,000.00	($4,295.20)	(.77)	AA-	AA2	.0000	.00
	CALIFORNIA ST UNIV REVENUE TXBL-REF-SYSTEMWIDE-SER B									
221623XF3	575,000.0000	08/01/2019	$572,556.25	$575,000.00	($2,443.75)	(.42)	AA	A1	.0000	.00
	COTATI-ROHNERT PARK CA UNIF SC TXBL-ELECTION 2016-SER B									
68609BUR6	100,000.0000	05/01/2019	$99,756.00	$100,000.00	($244.00)	(.24)	AA+	AA1	.0000	.00
	OREGON ST TXBL-ARTICLE XI-Q-SER E									
697364DU8	180,000.0000	11/01/2019	$180,147.60	$180,000.00	$147.60	.08	AA+	N/A	.0000	.00
	PALO ALTO CA COPS TXBL-REF-CAPITAL IMPT PROJ-GRE									
797330AC1	3,045,000.0000	06/01/2019	$3,040,645.65	$3,045,000.00	($4,354.35)	(.14)	A	N/A	.0000	.00
	SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A									
797330AD9	3,060,000.0000	06/01/2020	$3,045,067.20	$3,060,000.00	($14,932.80)	(.49)	A	N/A	.0000	.00
	SAN DIEGO CA TOBACCO SETTLEMEN TXBL-REF-SER A									
7976462R6	10,000,000.0000	06/15/2019	$10,003,300.00	$10,062,300.00	($59,000.00)	(.59)	AAA	AAA	.0000	.00
	SAN FRANCISCO CITY & CNTY CA TXBL-SER D									
7976464Z6	445,000.0000	06/15/2021	$444,470.45	$445,000.00	($529.55)	(.12)	AAA	AAA	.0000	.00
	SAN FRANCISCO CITY & CNTY CA TXBL-SOCIAL BONDS-AFFORDABLE H									
797669XS2	750,000.0000	07/01/2019	$748,590.00	$748,102.50	$487.50	.07	AA+	N/A	.0000	.00
	SAN FRANCISCO CA BAY AREA RAPI TXBL-REF-GREEN BOND-SER B									
79766DNU9	1,000,000.0000	01/01/2021	$999,580.00	$1,000,000.00	($420.00)	(.04)	A	A1	.0000	.00
	SAN FRANCISCO CALIF CITY &CNTY TXBL-REF-SPL FACS LEASE-SFO FU									
798339GP6	300,000.0000	08/01/2019	$298,665.00	$300,000.00	($1,335.00)	(.44)	AAA	N/A	.0000	.00

Exhibit 1

WELLS FARGO
Market/Cost Value Comparison Report
By Account By Industry Class
COUNTY OF VENTURA

General Reporting
From Month End With Pricing 02/28/2019
03/07/2019 07:22:03 AM PST

ACCOUNT: All Accounts Selected
* = Trade or Other Activity Pending

Asset ID	Units	Maturity Date	Market Value	Fed Tax Cost	Gain/Loss Amount	%	S & P Rating	Moody`s Rating	Units in Transition	Encumbrd Units
	SAN JUAN CAPISTRANO CA TXBL-REF-OPEN SPACE MEASURE									
798455BJ9	635,000.0000	09/01/2019	$634,517.40	$635,000.00	($482.60)	(.08)	AA-	N/A	.0000	.00
	SAN LEANDRO CA REDEV AGY SUCCE TXBL-REF-REDEV PROJ-SER B									
80136PCY7	955,000.0000	12/01/2021	$964,674.15	$955,000.00	$9,674.15	1.01	AA	A1	.0000	.00
	SANTA BARBARA CNTY CA SOLID WA TXBL-SER C									
899154AR9	1,500,000.0000	06/01/2019	$1,499,505.00	$1,500,000.00	($495.00)	(.03)	AA-	A1	.0000	.00
	TULARE CNTY CA PENSN OBLG TXBL									
899154AS7	5,000,000.0000	06/01/2020	$5,000,950.00	$5,000,000.00	$950.00	.02	AA-	A1	.0000	.00
	TULARE CNTY CA PENSN OBLG TXBL									
91412GD36	3,000,000.0000	05/15/2019	$2,991,480.00	$3,000,000.00	($8,520.00)	(.28)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-REF-GEN-SER AS									
91412GS71	2,000,000.0000	05/15/2019	$1,996,000.00	$2,000,000.00	($4,000.00)	(.20)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-GEN-SER AW									
91412HBF9	1,470,000.0000	05/15/2019	$1,469,691.30	$1,470,000.00	($308.70)	(.02)	AA	AA2	.0000	.00
	UNIV OF CALIFORNIA CA REVENUES TXBL-SER BA									
SUBTOTAL	**74,785,000.0000**		**$74,809,736.20**	**$74,987,514.30**	**($177,778.10)**	**(.24)**			**.0000**	**.00**
OTHER ASSETS										
OTHER ASSETS										
MS6232818	55,000,000.0000		$55,000,000.00	$55,000,000.00	$.00	.00			.0000	.00
	CA LAIF STATE OF CALIFORNIA INVESTMENT FD									
MS6615459	25,000,000.0000		$24,956,100.00	$25,000,000.00	($43,900.00)	(.18)			.0000	.00
	CALTRUST SHORT TERM ACCT									
SUBTOTAL	**80,000,000.0000**		**$79,956,100.00**	**$80,000,000.00**	**($43,900.00)**	**(.05)**			**.0000**	**.00**
ACCOUNT 11435100 TOTAL	**2,660,642,000.0000**		**$2,650,136,457.12**	**$2,638,454,641.80**	**$11,681,815.32**	**.44**			**.0000**	**.00**
GRAND TOTAL	**2,660,642,000.0000**		**$2,650,136,457.12**	**$2,638,454,641.80**	**$11,681,815.32**	**.44**			**.0000**	**.00**

END OF REPORT

Exhibit 1

MONTHLY TRANSACTIONS REPORT - FEBRUARY 2019

Transaction Date	Purchase/ Sale	Par Amount	Security Type	Security Name	Maturity Date	Yield
02/01/19	Purchase	10,000,000.00	CP	TOYOTA CREDIT de PUERTO RICO	03/28/19	2.490
02/01/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	05/30/19	2.550
02/01/19	Purchase	10,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	05/30/19	2.410
02/04/19	Purchase	10,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	03/29/19	2.360
02/05/19	Purchase	10,000,000.00	CP	EXXON MOBIL CORP	03/29/19	2.410
02/06/19	Purchase	10,715,000.00	MTN	MICROSOFT CORP	02/06/20	2.569
02/07/19	Purchase	10,000,000.00	CP	KAISER FOUNDATION HOSP	04/09/19	2.500
02/08/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	05/30/19	2.530
02/11/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	05/29/19	2.550
02/12/19	Purchase	5,000,000.00	SUPRANATIONAL	INTL BK RECON & DEVELOP	07/26/19	2.512
02/12/19	Purchase	4,056,000.00	MTN	MICROSOFT CORP	02/06/20	2.595
02/13/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	05/28/19	2.540
02/14/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	05/29/19	2.550
02/15/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	05/29/19	2.530
02/15/19	Purchase	10,000,000.00	CP	TOYOTA CREDIT de PUERTO RICO	05/24/19	2.480
02/19/19	Purchase	10,000,000.00	YCD	OVERSEA-CHINESE BK CO NY	05/20/19	2.540
02/19/19	Purchase	2,763,000.00	SUPRANATIONAL	INTER-AMERICAN DEVELOP BK NY	02/14/20	2.620
02/22/19	Purchase	10,000,000.00	CP	EXXON MOBIL CORP	05/28/19	2.480
02/22/19	Purchase	5,000,000.00	CP	EXXON MOBIL CORP	05/22/19	2.450
02/22/19	Purchase	10,000,000.00	YCD	TORONTO DOMINION BANK NY	05/28/19	2.521
02/25/19	Purchase	10,000,000.00	CP	EXXON MOBIL CORP	05/29/19	2.470
02/26/19	Purchase	1,000,000.00	MUNI	SAN FRANCISCO CA CITY & CNTY ARPTS	01/01/21	2.813
02/26/19	Purchase	445,000.00	MUNI	SAN FRANCISCO CITY & CNTY CA	06/15/21	2.546
02/26/19	Purchase	10,000,000.00	CP	TOYOTA MOTOR CREDIT CORP	11/22/19	2.560
02/26/19	Purchase	1,500,000.00	SUPRANATIONAL	INTL BK RECON & DEVELOP	07/26/19	2.504
02/26/19	Purchase	10,000,000.00	GA	FHLMC DISCOUNT NOTE	11/19/19	2.425
02/26/19	Purchase	20,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	11/07/19	2.450
02/26/19	Purchase	20,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	05/28/19	2.400
02/27/19	Purchase	20,000,000.00	CP	EXXON MOBIL CORP	05/29/19	2.470
02/27/19	Purchase	10,000,000.00	SUPRANATIONAL	IFC DISCOUNT NOTE	11/08/19	2.450
02/27/19	Purchase	10,000,000.00	CP	TOYOTA MOTOR CREDIT CORP	11/08/19	2.550
02/28/19	Purchase	20,000,000.00	MTN	MICROSOFT CORP	02/06/20	2.598

PORTFOLIO AVERAGE MONTHLY BALANCE

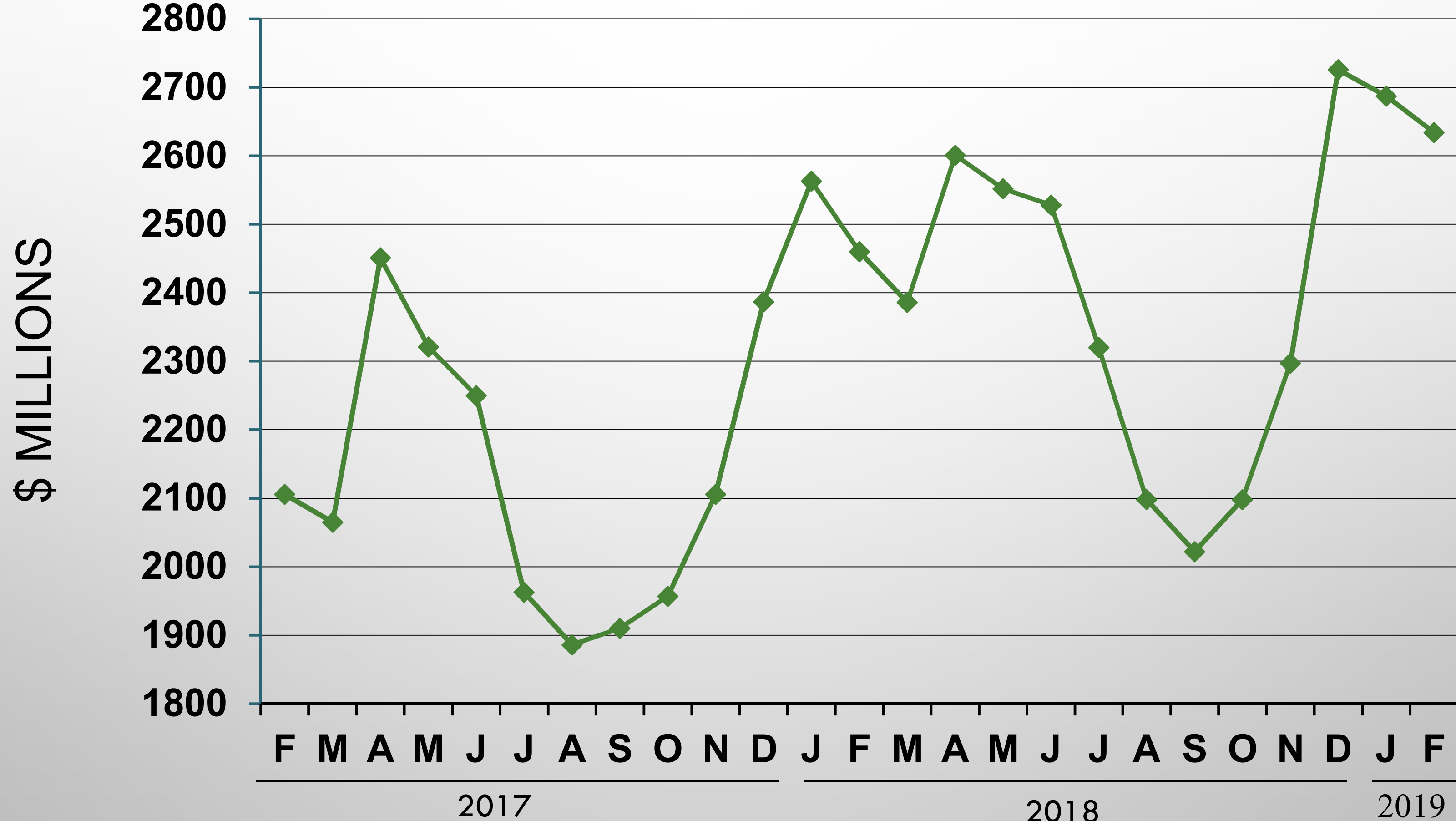


EXHIBIT 3

02-19 INV.PPT

AVERAGE MATURITY

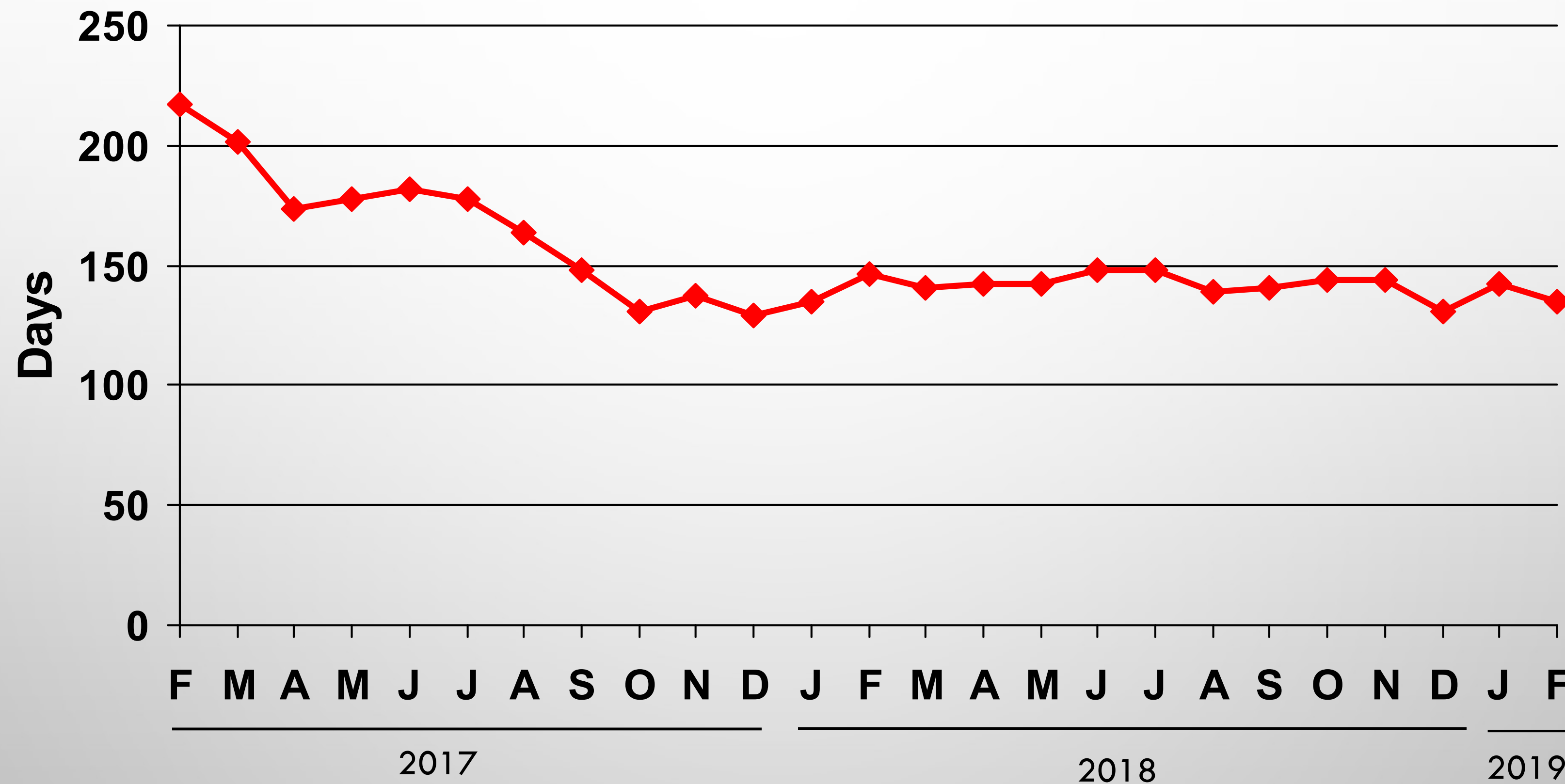
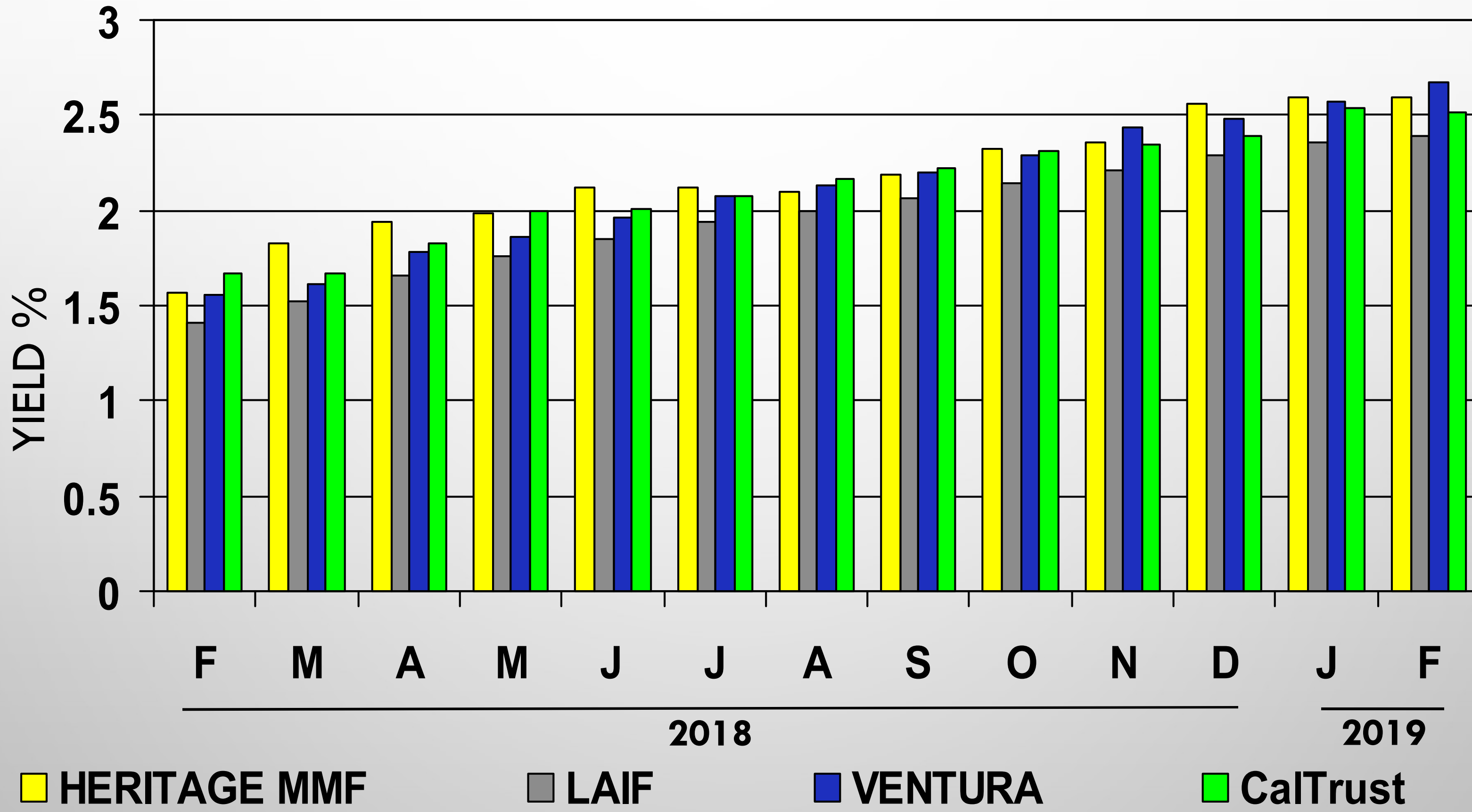


EXHIBIT 4

02-19 INV.PPT

++++YIELD COMPARISON



ROLLING 2-YEAR % YIELD

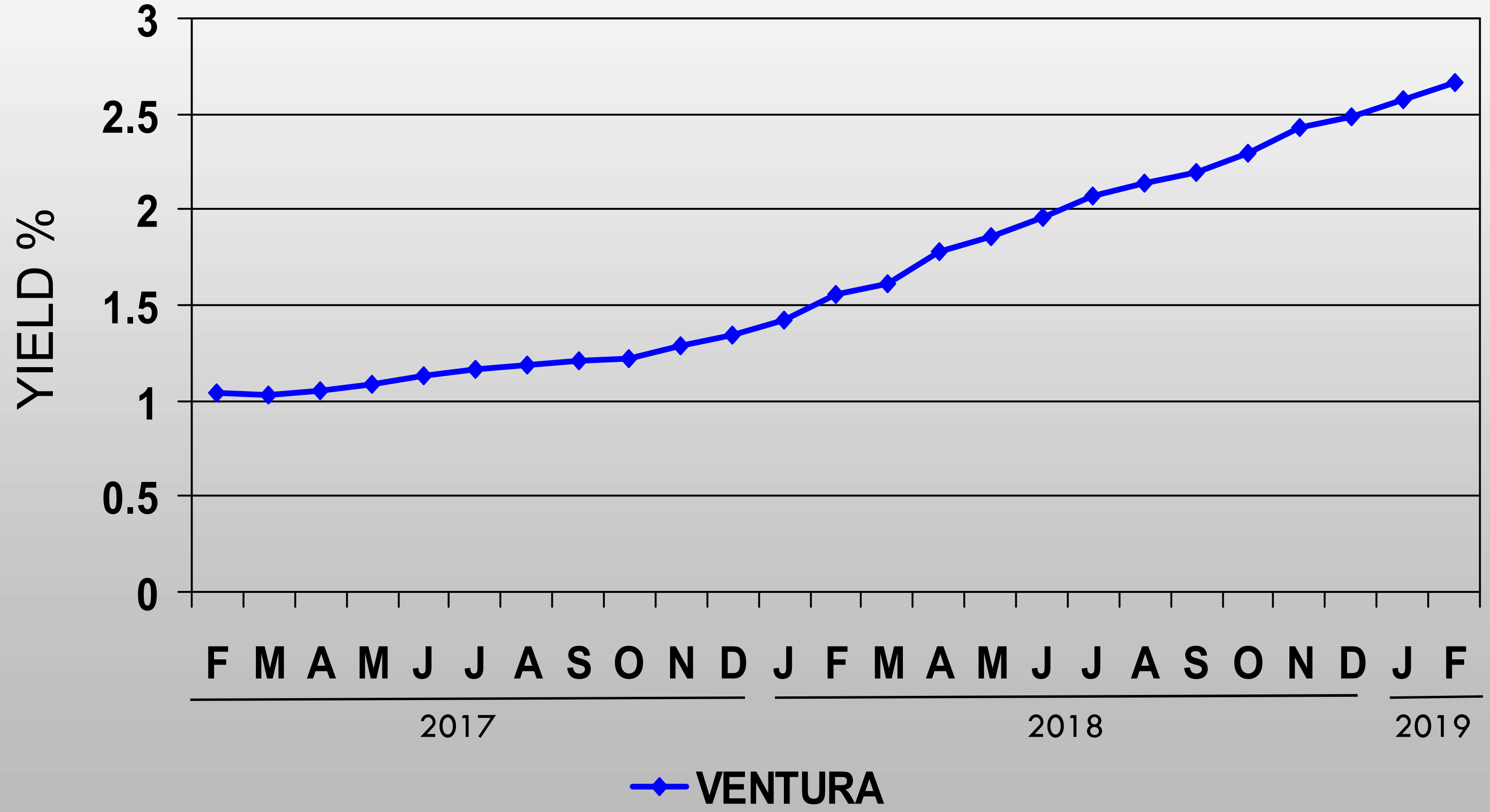


EXHIBIT 6

ROLLING 2-YEAR $ YIELD

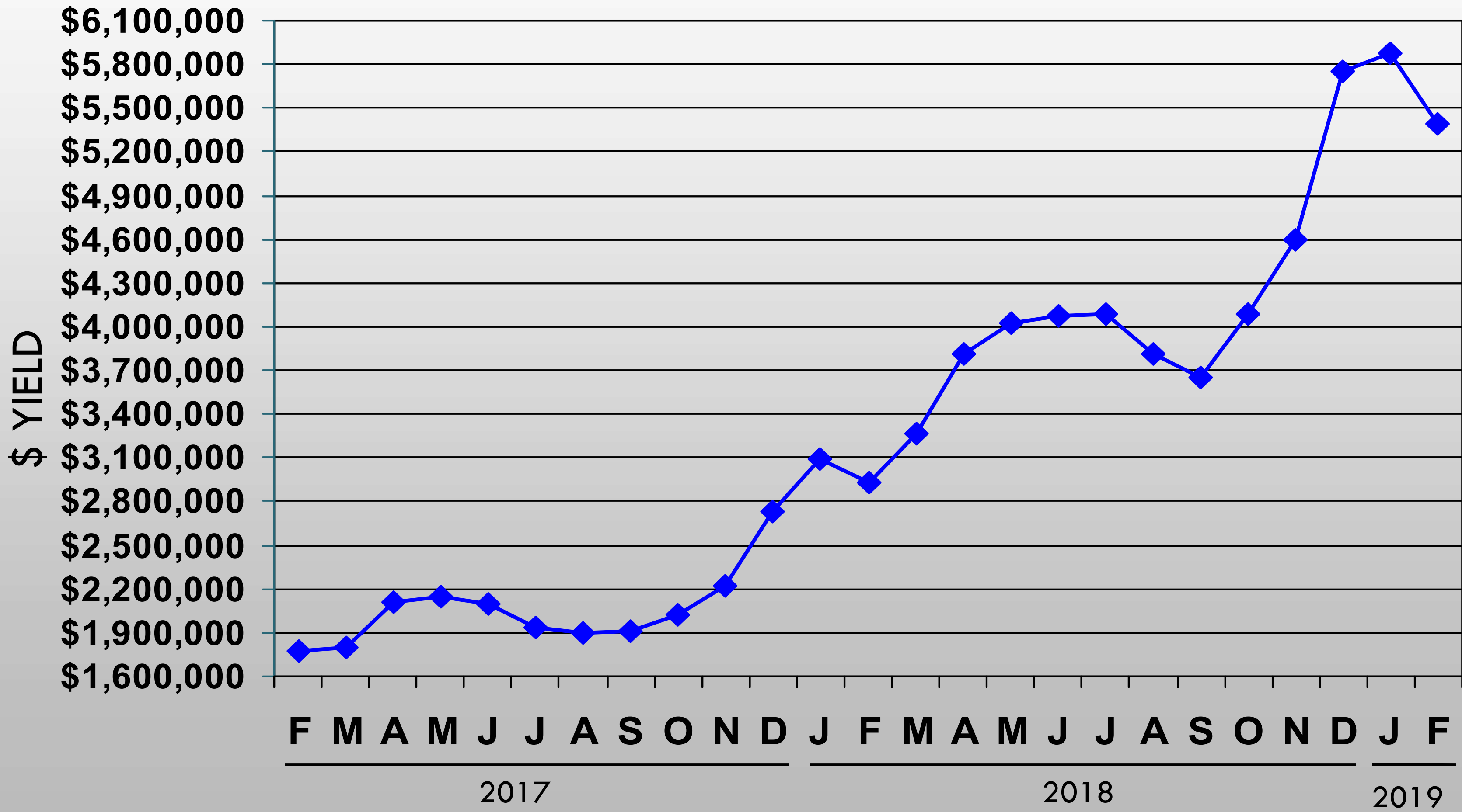


EXHIBIT 7

PORTFOLIO HOLDINGS BY CLASS

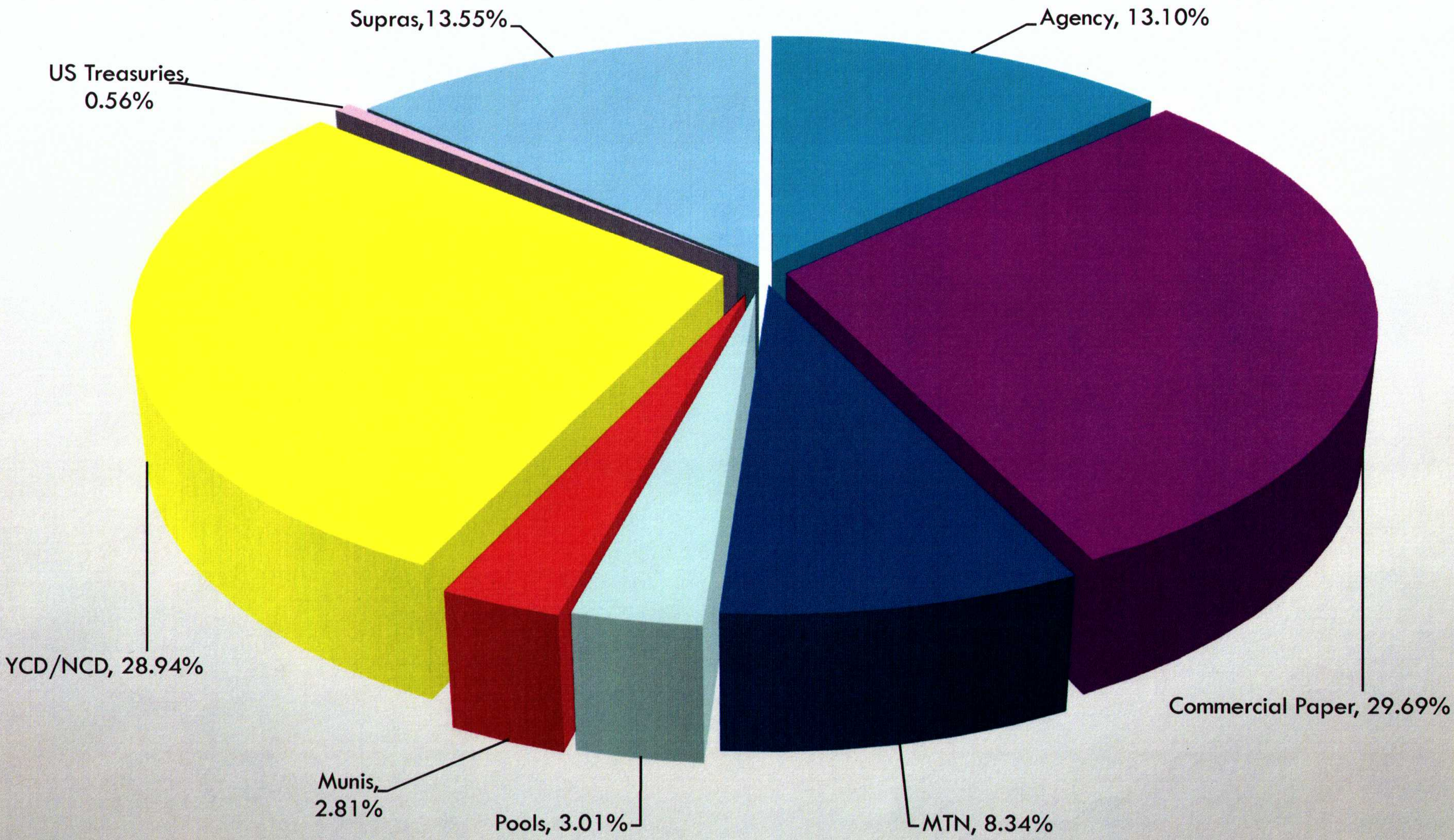


EXHIBIT 8

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

CALIFORNIA

ENDORSEMENT TO

MUNICIPAL BOND INSURANCE POLICY

NO.

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

____

Authorized Officer